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THE LEAGUE'S BUSINESS

Baldwin Prize Essay Contest for 1935.—The League has just announced the following subjects for the 1935 Baldwin prize essay contest:

1. The Problem of Tax Delinquency in (any given) State
2. The Effect of Tax Limitation Laws upon Local Government
3. The Reorganization of County Government in (any given) State
4. Optional vs. Mandatory Legislation as a Means of Improving Local Government
5. The Problem of Overlapping Governments in (any given state or metropolitan area)
6. The Operation of the City Manager Plan in Small Cities
7. The Operation of the Manager Plan in (any given city or county)
8. The Operation of Centralized Purchasing in (any given city, county or state government)
9. The Appointment of City Managers for a Definite Term (Most managers serve at the pleasure of the city council—would a definite term be more desirable?)
10. The Effect of the Depression on Local Government
11. Non-partisan Elections in American Local Government
12. Precedents for Single-House Legislatures (as recently adopted in Nebraska)
13. Present Status of the Town Meeting as an American Institution
14. The Record of the City Manager Plan During the Depression
15. The Effect of the Short Ballot Movement Upon the Operation of Democracy in America

* * *

Radio Broadcasts.—Are you listening in on the YOU AND YOUR GOVERNMENT broadcasts? Series Ten on "The 44 State Legislatures of 1935" is now on the air each Tuesday evening, from 7:45 until 8 o'clock, eastern standard time. Subjects and speakers for the next five weeks are listed below:

MARCH 12—"Financing Emergency Relief," Arch Mandel, Field Representative, F. E. R. A.; Frederick I. Daniels, Executive Director, New York State T. E. R. A.

MARCH 19—"Liquor Laws and Enforcement," Hon. Edward P. Mulrooney, Chairman, New York State Alcoholic Beverage Control Commission.

MARCH 26—"The Public's Responsibility for Legislation." President Harold W. Dodds, Princeton University.

APRIL 2—"Interstate Coöperation in Combating Crime." Raymond Moley, Editor, *Today*.

APRIL 9—"Solving Local Tax Problems." Governor Harold G. Hoffman, New Jersey.

APRIL 16—"Tax Limitations." Professor Simeon E. Leland, University of Chicago.

* * *

Responsibility for Views Expressed by Radio Speakers.—The REVIEW gladly publishes the following letter from Paul V. Betters, executive director of the United States Conference of Mayors, taking issue with the speech of William Hard delivered in the last radio series on January 22:

My dear Editor:

I have just had an opportunity to read portions of a YOU AND YOUR GOVERNMENT broadcast (speaker William Hard) as printed in the current issue of the *Bond Buyer*. While I presume that the National Municipal League, the sponsor of these broadcasts, does not in any way censor those who appear on the weekly radio series, it does seem that those who do speak under the auspices of the League ought to encourage, rather than belittle, sincere efforts on the part of city officials to find solutions for many of the critical problems facing municipalities.

Mr. Hard has a right to his own opinions when he calls mayors "crazy" in their proposal to eliminate the matter of interest on certain types of municipal debt. City officials are used to being called "crazy", especially by those who themselves have never had the courage to stand for public office. Florida city officials, and the writer of this letter (acting on behalf of the Florida League of Municipalities) were called "crazy" when we induced Senator Fletcher early in February, 1933, to introduce a bill (a municipal debt readjustment bill) which later was passed by the Congress and signed by the President and now is the law of the land. The members of the Executive Committee of the United States Conference of Mayors were called "crazy" by a number of people, including welfare experts, when last September at Hyde Park they proposed a new relief program to President

Roosevelt based upon the division of relief persons and responsibilities between two groups —the employable group and the unemployable group. After the official announcement of Mr. Hopkins, Federal Emergency Relief Administrator, last December on this subject, and the message of the President to the Congress of the United States, this committee is, of course, happy to welcome into its "crazy" ranks these two eminent public officials. And now, when a responsible group of city leaders endeavors to work out a plan which will free American cities from the shackles of the money-lenders, who feed at the trough of the urban taxpayers of the nation, its efforts are belittled by a speaker on the National Municipal League program, which organization ought to encourage rather than retard efforts toward this goal.

Calling this proposal "crazy" is calling such municipal leaders as Daniel W. Hoan, Mayor of Milwaukee for nineteen years, and C. A. Dykstra, City Manager of Cincinnati, as well as Professor A. A. Berle, Senator Elmer Thomas, Frederick C. Howe, and others "crazy". And that is something that the League, if I understand its objectives, would not be likely to do.

I suggest, therefore, that in the next issue of the REVIEW, this point may be adequately covered, and that the League disclaim any responsibility for what any individual says on any League-sponsored broadcast. And I make the further plea and express the hope that those who address the radio public on the League program may be selected with a view to more intelligent and sympathetic consideration of urban problems.

Respectfully yours,

Paul V. Betters, Executive Director
United States Conference of Mayors

February 7, 1935

The League has taken no action on the program of the United States Conference of Mayors which is outlined in an article in this issue by Professor A. A. Berle. It is, of course, needless to say that the League takes no responsibility for the opinions expressed by its speakers. One of the purposes of a radio forum is to stimulate discussion on current questions of significance in government. The program on which Mr. Hard spoke was arranged last August, months before the United States Conference of Mayors adopted their program for obtaining loans from the federal government for one-eighth of one per cent. Under normal circumstances it would have been our policy to give the proponents of a plan their day in court before letting loose the critics. That seems only fair. In this instance, there was no knowledge of the mayors' program at the time the broadcast was arranged and Mr. Hard, of course, had free rein to talk about what he chose within the limits of his subject. In fairness to Mr. Hard, it should be said that his language was much more restrained than might be assumed from Mr. Betters' letter. His precise language, after presenting his argument, was as follows:

"But are they smart? Or are they crazy? I'll give you my guess some other time. Tonight I'm just running a night school or an intelligence test. What do you think?"

HOWARD P. JONES, *Secretary*

J. CATRON JONES

J. Catron Jones, member of the council of the National Municipal League from 1931 to 1934, died in the closing days of December in Washington, D. C., where he was engaged in special research for the federal government. Founder of the Kentucky Municipal League in 1929 and its secretary until December, 1932, Dr. Jones was an outstanding leader in fostering coöperation between municipal officials in his native state.

He had been associated with the faculty at the University of Kentucky since 1920, and the head of its department of political science since 1926. He was the author of numerous works on citizenship and elections, and a frequent contributor to many journals in the field of public affairs, including the NATIONAL MUNICIPAL REVIEW. His death removes an active, capable, and sincere champion of improved governmental methods whose loss will be sorely felt not only in his home state but throughout the rest of the country as well.

Editorial Comment
March

NATIONAL MUNICIPAL REVIEW

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More Pioneering in County Government

NEW trails are being hewed continually these days through the wilderness of county government. In New York State, the Commission for the Revision of the Tax Laws, of which Senator Seabury C. Mastick is chairman, comes out this month with a vigorous program for the reorganization of local government. In Ohio, the Governor's Commission on County Government has just published its report containing far reaching conclusions regarding fundamental reorganization of county government in that state. Both reports seem likely to be translated into legislative action. Other states in which definite progress in the field of county government may be observed include Alabama, Michigan, Iowa, Oklahoma, Washington, Colorado, Missouri, California, Wisconsin, Maine, and Kansas.

The problem faced by citizens fighting for improvement in county government is well illustrated by New York State. The first great obstacle is the long list of constitutional officers. Civic organizations, state commissions, and governors of the state for years have been advocating a constitutional amendment to do away with these. But a constitutional amendment must pass the legislature twice and then be submitted to popular referendum. This is difficult to obtain. Delegations to the legislature are influenced if not controlled by the local political machines. To add to New York State's troubles, courts have repeatedly held that the home rule provision of the constitution prevented the legislature from transferring functions from one unit of local government to another. Consequently, there has been no way of shifting functions from the towns into which the counties of New York are subdivided into the counties or to other units.

This has meant, in brief, that counties in New York State could not adopt the manager plan, and that they further could not exercise such functions as are in most states considered normal functions of counties, to wit, assessment and tax collection, public health, and public welfare.

At last, however, a remedy is in sight. The legislature, acting under terrific public pressure, has twice passed a resolution for a constitutional amendment which will give the legislature power to submit optional forms of county government and to transfer functions, subject only to the check of a local referendum in each instance.

The amendment goes to the voters in November of this year and should be approved.

There is one interesting difference between the Ohio program and the New York program for the cure of county ills. In Ohio the plan is to give counties the right to draft their own charters as well as giving them a choice of optional forms of county government set forth in state statutes. In New York the right to draft charters will not be given counties under the new amendment on the theory that to do so would eliminate opportunity for desirable uniformity in county government. Despite this weakness, however, the New York amendment holds out greater promise than has ever been within the reach of those interested in fundamental reorganization of local government in the Empire State.

H. P. J.

Who's Who in This Issue of the Review

A. A. Berle, Jr., City Chamberlain of New York City since the advent of the Fusion Administration, lectured on finance at Harvard, taught corporation law at Columbia, was a member of the first Roosevelt "Brains Trust". He has served with distinction on numerous domestic and foreign commissions, and is the author of many books and recent articles on corporate finance.

Rebecca B. Rankin, librarian of the New York Municipal Reference Library since 1920, was previously assistant to the director of the New York Public Library. She is editor of *Municipal Reference Library Notes* and the author of numerous contemporary articles dealing with library work.

Kirk H. Porter, professor of political science at the University of Iowa, is actively interested in county government in his own state. He is the author of "County and Township Government in the United States", and a frequent contributor to these pages.

Roland R. Renne, agricultural economist at Montana State College, has just concluded a three-year survey of county efficiency in the state. The study will form the basis of a proposed program of county reconstruction in Montana.

Hubert R. Gallagher, Research Consultant to the American Legislators' Association, is the annonymous investigator behind many contemporary reports, and the author of numerous current articles. His research experience includes service on the staffs of the Wickersham Commission and the Hoover Commission on Social Trends.

Kendall Banning, editor and author, formerly with *System* and editorial director of *Public Utilities Fortnightly,* has managed numerous popular magazines and contributed articles on public matters. He has been identified also with the War Department's activities in mobilizing industry for major emergencies.

W. S. S.

HEADLINES

Fifty-one different bills affecting taxes are up before the Illinois legislature, according to a bulletin of the Civic Federation and Bureau of Public Efficiency, Chicago. Before they are through, Illinois statesmen will know all there is to know about taxes, except how to make people like 'em.

* * *

And then comes Dr. Paul Haensel of Northwestern University with a one-sentence property-tax program to end all property-tax programs: "All procedure applied at the present time to the property tax should be discontinued and proclaimed to be utterly out of date."

* * *

Insufficient taxes are being blamed on everything from politics to technocracy, but it takes the editor of *Public Works* (February 1935) to discover the relation of short taxes to bad weather. Gasoline taxes help grease the cogs of state. Motorists pay gasoline taxes. When the roads are snowbound they stay at home. No traffic, no tax; no tax, hard times for the state. Moral: you save money by spending it on snow removal.

* * *

Braintree, Mass., Raleigh, N. C., Trention, N. J., and Lincoln Park, Mich., all vote this month on the adoption of the city manager plan.

* * *

New York City's Charter Revision Commission is considering inclusion in the proposed new city structure a "department of buildings," to do the work of thirteen separately maintained units now scattered over the city.

* * *

Tampa considers municipal manufacture of lime and alum instead of buying these commodities for its water system; Milwaukee contemplates a municipal 'phone system; Flint, Mich., proposes a municipal slaughter-house; Rochester is agitating for municipal street railways; Minneapolis wants a municipal produce market; Barnstable, Mass., has a municipal clammery, to which it plans to add a public quahaugery: all combining into a national picture that should give cold chills to opponents of government in business.

* * *

Dallas, Texas, officially rates its city employees for efficiency at stated times during the year. Much more constructive than the orthodox American system, by which the opposition newspapers rate them for inefficiency the whole year round.

* * *

With its admirable handling of the tax delinquency spectre, as well as by some notable advances in charter revision, civic news from Providence has come to be studied eagerly by forward-thinking students of municipal government. It is somewhat disconcerting, therefore, to note the Mayor's recommendation for

a change in the proposed new charter which will make the city treasurer, harbor master, and director of public aid subject to popular election instead of to appointment. This in the face of the accepted modern theory that the people should elect the officials responsible for a public policy, and let them appoint the executives on whom they must rely to carry these policies out. This looks too much as though the political patriots there were adopting the good old war-time custom of advancing backward to previously prepared positions.

* * *

Honolulu prepares to take disciplinary measures against garbage collectors who go about smashing boxes, banging tinware, and conversing at long distance during the night hours. City dwellers in the states watch the experiment with bated breath. If it works, all a lot of us will need is a job, a salary, and a vacation to go down to Honolulu and get a decent night's rest.

* * *

Mr. M. H. Chubb of Malmsbury, England, reaches simultaneously his 80th birthday and his 50th year in the public employment as town clerk. His community acknowledges these attainments with special services in the ancient Abbey Church, a mayoralty reception at which the "freedom of the borough" is tendered in a congratulatory address, a commemorative scroll in a solid silver casket bearing Mr. Chubb's initials with the insignia of the borough, and a huge birthday cake.

This sort of thing would never do with us. We put our public enemies in silver caskets and give them a church service occasionally, after a brief and lurid freedom of the city; but a public official who had the temerity to give faithful service for half a century would be so good that the citizens would never hear of him.

* * *

Based on examination of working conditions in the police forces of eleven states, Ernst Puttkammer of the University of Chicago Law School and Donald C. Stone of Public Administration Service have prepared a model state police bill for the use of legislatures and officials interested in the subject.

* * *

Indianapolis on April 1st will institute a novel street lighting economy. Instead of regulating the amount of light by rule of thumbs and a calendar, a photo-electric "eye" will turn the lights off and on according to the degree of visibility at any hour all the year around.

* * *

Pennsylvania legislators take literally to the blessing of economy. A chaplain at $7.00 per day was one of the immemorial ornaments of the Keystone capitol throughout the immemorial Republican reign. The new Democratic caucus has discovered two clergymen in its own ranks, and has allotted them to do the praying in relays, on legislative time and salaries strictly. Maybe they can get Bibles from the Gideons.

* * *

Nottingham, England, plans a great pageant of ten episodes to be given next June, commemorating the last two thousand years of the city's history. This gives rise to startling thoughts on the comparative youth of American cities. Imagine a pageant depicting in ten episodes Chicago's history for two thousand years. Chronologically developed, the first nine episodes would have to devote themselves to the activities of swamp rats, wild ducks, and prairie wolves, with a sprinkling of Indians and French voyagers appearing in the last half of the ninth.

E. M. B.

Property Taxes—The Doom of the County

State centralization and the submergence of the county threatened by the fact that counties must lean on real property taxes as their sole support

KIRK H. PORTER *State University of Iowa*

A GREAT deal is being written today about local government, and it seems odd that rarely is it said in plain language that *adherence to the general property tax will spell the doom of local self-government.* My purpose is not to contribute a new idea but to state the proposition clearly and to show why I think it is true.

One of the basic implications of local self-government has been that each local area—county, township, or school district—should finance the governmental services that are local in character through property taxes that are imposed and collected within the area itself. The point can be illustrated well enough if we confine ourselves to counties. If, for instance, the construction and maintenance of highways, the administration of justice, of poor relief, and elementary education, are to be looked upon as "local" functions, each county must be authorized to levy taxes in order to carry on these services. And naturally the assumption has been that counties should stay within their means. We hear much of this. It is sound business to stay within your means! And to make sure that counties will stay within their means legislatures have fixed limits beyond which counties may not tax, or borrow. These limitations are usually based upon population, or assessed values, and have been "uniform" in the sense that all counties, within certain broad classifications, may levy the same rates and must respect the same debt limits. This rule of uniformity has probably been wise for the evils of special legislation are very well known.

A further assumption apparently has been that each county will have taxable property in some rough proportion to its governmental needs. But this assumption never has been true; and it is becoming less and less true as years go on. Indeed it is not true that counties have needs even roughly in proportion either to the value of their taxable property, or to their population, or to their area! Thus, two counties of nearly the same size, population, and property value, may have highway needs that vary in the matter of cost as much as from one to ten. Obviously highway costs depend upon such things as the character of the soil upon which highways must be constructed, the rock formations to be encountered, the grading that has to be done, the bridges that must be built, the streams that must be circumvented, and the availability of materials. To allow two counties of equal population, area, and value, substantially equal sums of money for highway construction, when they differ very widely with respect to the factors named above, is not to treat them "equally" in any proper sense. To insist that both counties stay within their "means" is to condemn one of them to an exceedingly inadequate highway program. Furthermore, highway costs are very likely to

be highest in counties that have the lowest property values. In other words, frequently the poorest county needs to spend far more than the richest county in order to secure a comparable system of highways. Hence, if a substantially uniform highway system were to be developed throughout a state, and were to be financed through local property taxes, some counties would inevitably face bankruptcy. This situation has appeared again and again, and has been partially remedied through systems of state aid, of direct state financing, or reliance upon gasoline and automobile taxes. These steps have meant that counties have come to have less and less control over highways, for if the state pays for highways, the state is going to exercise control.

The same tendency is observable with respect to poor relief. Counties do not have needs in this connection in proportion either to area, population, or taxable wealth. Again it is likely to be the poorest county—in terms of taxable property—that has the greatest need.

In only slightly less degree is this situation apparent in the realm of education. Educational needs bear no relation whatever to property values. The result has been an ever increasing measure of state control. And so it is with most of the other local government services, though the costs are so much less that the inequality in resources is not so apparent. The case could be made out as regards such functions even as recording deeds, maintenance of courts, etc.

The truth is, adherence to the general property tax is driving us inexorably to state centralization and the submergence of the county. The reason why we have got along as well as we have in the past is that costs have been low enough so that most counties somehow were able to get by with the old familiar services. But now that costs are steadily mounting, that new services are being undertaken, such as widows' pensions, old age relief, etc., the inherent weakness of the time-worn system is developing into an intolerable evil. The system never was sound; it is becoming unworkable. To adhere to it will be to destroy the last vestige of independence in county government.

County consolidation is a makeshift remedy. Of course, the larger the areas, the less apparent is the evil; but it is there just the same. The county manager scheme obviously is no remedy at all. In spite of these reforms counties are definitely on the toboggan unless we break away from the general property tax.

IS STATE AID THE SOLUTION?

How can this be done and still preserve the integrity of local self-government for counties? I do not know that it can be done. Systematic state aid is perhaps one remedy. It has made most headway in the field of rural education. But it would seem inevitable that state aid is destined to be accompanied with a growing measure of state control—and that means centralization.

Furthermore, if state aid is to be the salvation of counties, the aid must be afforded in proportion to need for *each service*. There is no relation whatever between the county budget needs for highways and the needs for poor relief. Thus to grant state aid in proportion to population, or to assessed values, or to area, or to any other easy objective measure, is to perpetuate the old blunder. And, what is more, the same old blunder is perpetuated if aid is granted in proportion to the amount spent by the county itself for each particular service —the old dollar-for-dollar idea of aid. These simple, objective measures are wholly unsound. If the evil is really to be remedied through a program of state aid the actual needs of each county with respect to each service, i.e. highways,

poor relief, education, etc., must be carefully determined, and aid granted according to need.

Such a proposal is enough to make any realistic statesman shrink back in dismay. He can immediately see the door opened to all kinds of chicanery, favoritism, log-rolling, and spoils politics. To administer state aid on the basis of such a formula would require omniscience and dictatorial power. Harry Hopkins does it for the United States in the matter of relief. For the present he has the power if not the omniscience. Theoretically, the system is absolutely sound and the states are aided in proportion to their needs as respects that particular service. But when one begins to think of a state aiding each of its counties in proportion to need for *each service,* he may soon suffer with nightmare. And yet if we stick to the general property tax, and seek to equalize burdens through state aid, that is the only equitable way to do it. And even then the danger of state centralization would not be averted for insistence upon a measure of control would be sure to accompany the aid, just as it has in the case of the federal government giving aid for poor relief.

NEW TAXES A POSSIBILITY

But perhaps state aid is not the only solution. Suppose other forms of taxation are utilized to an increasing extent —income and sales taxes for instance. To preserve the integrity of local government a considerable portion of the proceeds of such taxes would have to be turned back to the counties and thus become available to them for the purpose of maintaining their services. To a certain extent this has been tried with gasoline taxes in connection with highway costs. It is one means of preserving a measure of local control over highways. But the gasoline tax is a comparatively simple one to deal with, and only one function is involved—that of highway construction and maintenance. When one thinks of turning back to counties a part of the proceeds of income and sales taxes upon some equitable basis, and for all functions, the complications become very formidable.

The point is, if counties are to support all the services they now support they must be allowed to tap new sources of revenue and not be compelled to rely solely upon property taxes. Even then the inherent evil would not be obviated but would merely be abated somewhat; for although counties might be allowed to utilize all these newer taxes, genuine need for each service would bear no relation to available resources. State distribution on the basis of need is the only real solution. But it is utterly futile to exhort counties to stay within their incomes when the source of their incomes is nothing but the general property tax.

Here then lies one explanation of the widespread tendency toward state centralization. It is idle to inveigh against it, to sing the praises of local self-government, to deplore the passing of democracy. The fact that so much wealth has passed into other forms than real estate and thus escapes the county has tended to aggravate the problem tremendously in recent years. The only way these newer forms of wealth are made available for local services is through the state.

So, I come back to my main proposition: Adherence to the general property tax spells the doom of local self-government and leads inexorably to the state taking over the main functions of the county. This article is not intended as an argument for state centralization; it is merely an attempt partly to explain a phenomenon.

Legislative Councils

Results of the first practical application of an important section of the National Municipal League's Model State Constitution described

HUBERT R. GALLAGHER

Research Consultant, American Legislators' Association

WHEN Nebraskans voted by an 85,000 majority to substitute a unicameral for a bicameral legislative assembly, they were not sponsoring an innovation in American government; they were merely reviving a system which had been tried—and abandoned—by three states prior to 1836. However, publicity plus novelty have captured the public fancy, and since last autumn imitations of the "Nebraska plan" have been proposed in more than twenty states.

Meanwhile—with widespread interest centering around unicameralism—an equally significant movement, the development of legislative councils, goes practically unnoticed. Actually this device aims at the improvement of legislation in a far more fundamental way than any merely structural change could effect. Furthermore, little difficulty and little expense would be involved in the establishment of such legislative councils. Neither petitions nor constitutional amendments are required; only legislative sanction is necessary.

The first practical application of Sections 29-32 of the Model State Constitution, first drafted in 1921 by the committee on state government of the National Municipal League, was made in 1931. In that year Wisconsin created a council officially known as the executive council, and two years later similar councils were established in Kansas and Michigan. Alabama, Illinois, Montana, Oklahoma, Texas, and Washington are at present considering the creation of agencies of this type.

WISCONSIN EXECUTIVE COUNCIL

In 1931 Governor Philip La Follette in his message to the legislature urged the establishment of a legislative council, and upon this recommendation the Wisconsin Executive Council was created. As originally organized, the council consisted of twenty members: five senators and five assemblymen who were selected in accordance with the rules governing standing committees in their respective houses, and ten citizens whose appointment by the governor was not subject to confirmation. However, in 1933 the membership was reduced from twenty to twelve and the council now consists of three senators, three assemblymen, and six private citizens. All of the members serve without pay but are reimbursed for expenses.

Although the Wisconsin Executive Council does not plan a program nor recommend measures for the consideration of the legislature, it has numerous other important functions. Possibly the chief of these is the duty to advise the governor "in any matter which he may refer to the council." Other functions include the following:

(1) The council has authority to investigate departments of state government, and to study possibilities for the consolidation of bureaus.

(2) It may recommend legislation designed to increase the efficiency of the state service.

(3) It may make economic investigations for Wisconsin industries.

(4) It approves regulations made by the director of purchases.

(5) It approves leases for state office quarters outside of the capitol.

To facilitate its work the executive council may administer oaths, compel the attendance of witnesses, employ assistants, and create any subcommittees which it deems necessary. Persons who are not members of the council may be included on the membership of the subcommittees.

The Wisconsin Executive Council does not have a staff agency to carry on research, although a special appropriation of $22,000 for an economic land survey was made available by the 1933 legislature. It is anticipated that, under the administration of Governor La Follette, the position of the council will be strengthened and that its advisory functions and research program will be broadened.

MICHIGAN LEGISLATIVE COUNCIL

The situation which led to the establishment of the Michigan Legislative Council well exemplifies one type of difficulty in which such councils can be of utmost value. In 1933, for the first time in many years, the Michigan legislature was predominantly Democratic. The total membership of the Michigan house is one hundred; that of the senate, thirty-two. Personnel data compiled by the American Legislators' Association indicate that of the fifty-six Democratic members of the house at the 1933 session, fifty-four were serving their first terms. Similarly, of the thirteen Democratic senators, only two had previously served in the legislature. As Harold M. Dorr, writing in the *American Political Science Review*, described it: "The legislators, recently recruited from private life, were not prepared to initiate a comprehensive program, nor were they familiar with the legislative process. . . All in all, three months were squandered before the legislature was prepared to undertake the consideration of a comprehensive program."

With the backing of Martin R. Bradley, speaker of the house, an act establishing the council was passed by the Michigan legislature and approved by Governor Comstock on June 28, 1933. That act created a legislative council of nine, including the president of the senate, three senators whom he selected, the speaker of the house, and four representatives appointed by him. Provisions insuring bi-partisan appointments on the council and the termination of membership at the expiration of each member's term of office were written into the act.

Between sessions the Michigan Legislative Council continues to function for the twofold purpose of: (1) Preparing a legislative program for the next legislative session; (2) Compiling and furnishing such information as the council may consider useful to the members of the legislature. Like the Colorado Committee on Interim Committees, the legislative council co-ordinates the work of all Michigan interim committees and commissions which are authorized to make special studies and to prepare legislation in advance of the session. The council, of course, may appoint subcommittees and call upon members of the legislature for assistance in preparing a legislative program. Finally, the council has the power to investigate the costs of all state activities and to

recommend to the legislature changes in the operation of the departments and institutions, boards, and commissions of the state government which will reduce governmental expense without impairing governmental efficiency. The members of the council have access to all records and files, and all officers and employees of state departments are required to furnish information concerning any matter which the council is considering. Hearings may be held and subpoenas may be issued in the name of the council, and resort may be had to court action in case of disobedience to a subpoena.

The legislative council may adopt its own rules of procedure, elect its chairman, and incur necessary incidental expenses. The members, however, serve without compensation. The final section of the act provided an initial appropriation of $5,000 in order to carry out its provisions.

THE FIRST REVERSE

Unfortunately, the Michigan Legislative Council is now undergoing a period of curtailed effectiveness which is due to a lack of coöperation between the governor and the council. Before his inauguration and before the session began, Governor Frank D. Fitzgerald charged that the work of the "lame duck" legislative council was unnecessary. (Only three of the nine members of the legislative council were reelected in November.) The council first incurred the displeasure of the governor-elect by deciding to proceed with a tentative program involving relief, taxation, and school aid. The governor asserted that he favored abolishing the council and that he would ignore it in preparing his legislative program. Members of the council assailed Fitzgerald for this attitude. Representative Vernon J. Brown, one of the three hold-over members of the council, and, incidentally, a Republican, stated that the council had no intention of interfering with the governor's program, and further pointed out that it fully justified its existence by carrying on research work impossible for legislative committees. However, the situation was so strained that before the beginning of the session three of the "lame duck" members had already offered their resignations. At present the fate of the council remains uncertain.

KANSAS LEGISLATIVE COUNCIL

While the Michigan legislature was considering Speaker Bradley's plan, the Kansas Legislative Council held its first meeting, adopted rules of procedure, and commenced development of a program of emergency legislation for presentation to a special session of the Kansas legislature. The act providing for a legislative council had passed the legislature in March 1933. It created a council of twenty-five—ten senators and fifteen representatives to serve during each regular session. The former are appointed by the president of the senate and the latter by the speaker of the house and in each case a majority in the legislative house concerned must approve the appointment. The president of the senate and the speaker of the house are ex-officio members of the council—and serve, ex-officio, as chairman and vice-chairman respectively. The revisor of statutes, whose office serves as the legislative reference department in Kansas, is ex-officio secretary.

The relative number of members of the two major political parties in each house of the legislature determines party representation on the council. However, the majority party is never permitted more than two-thirds of the total number of members. Geographical representation is assured by the provision that each congressional district must be

represented. The Kansas act—unlike the Michigan and Wisconsin statutes—also provides for the representation on the council of each of the more important house and senate committees.

A MODEL FOR OTHER STATES

Since the Kansas measure is thus far the most comprehensive and satisfactory and may therefore serve as a model for other states, certain sections of the act are outlined in detail.

According to the statute the council is charged with the following duties:

1. "To collect information concerning the government and general welfare of the state";
2. "To examine the effects of previously enacted statutes and recommend amendments thereto";
3. "To deal with important issues of public policy and questions of statewide interest"; and
4. "To prepare a legislative program in the form of bills or otherwise, as in its opinion the welfare of the state may require, to be presented at the next session of the legislature."

The statute also requires the council:

1. To investigate and study the possibilities for consolidations in the state government, for elimination of all unnecessary activities and of all duplication in office personnel and equipment, and of the coördination of departmental activities, and of methods of increasing efficiency and of effecting economies.
2. To investigate and study the possibilities of reforming the system of local government with a view to simplifying the organization of government.
3. To coöperate with the administration in devising means of enforcing the law and improving the effectiveness of administrative methods.

The Kansas Legislative Council also has the authority to administer oaths, issue subpoenas, compel the attendance of witnesses, and the production of accounts, documents, and testimony, and, where necessary, to compel obedience by resorting to court action. In addition, the council may require each officer, board, commission, or department of the state government—or of any local government—to make any needed studies for the council.

As in the case of the legislature the governor has the right to send to the council "messages containing his recommendations and explaining the policy of the administration."

RULES OF PROCEDURE

The council may meet as often as is necessary, but at least one quarterly meeting must be held. A quorum of fifteen members is needed before action can be taken. Periodic reports must be made to the members of the legislature, and all recommendations must be made public at least thirty days before presentation to the legislature.

Members of the council are paid $3 per day and their expenses.

COÖPERATION WITH LEGISLATIVE REFERENCE AGENCIES

The council may call upon various departments and on the legislative reference library in particular for assistance in its work. The plan of having the revisor of statutes serve as secretary of the council is ideal for Kansas where a research department has been set up specifically in connection with the council. However, states which do not contemplate the establishment of research departments and which have well staffed legislative reference and research bureaus might well designate the latter as the secretariat and research agencies for their councils.

THE FIRST TWO YEARS

There were 1,545 bills introduced during the 1933 sessions of the Kansas legislature, and of this number 365 were

enacted into law. During 1933 and 1934 the legislature was in session a total of 110 legislative days of which the regular session consumed seventy-four legislative days. Although, of course, it would be foolhardy to judge the accomplishments of any legislative council by the reduction in the quantity of proposed legislation or in the number of days of legislative session, it is nevertheless interesting to note that only 1099 bills were introduced in the present 1935 session of the Kansas legislature previous to the deadline for such introductions. Furthermore, it is predicted that the legislature will adjourn early in March.

The real test of the effectiveness of the legislative council as a planning device is the type of program which it proposes and the quality of the legislation which it recommends.

During 1934 the council not only prepared a legislative program for a special session which enacted over half of the measures recommended; it also set to work on a legislative program for 1935. Since, according to the council's rules of procedure, no bills are to be drafted until after investigation and study by the proper committees nor to be introduced until after instructions have been received from the committee of the whole, it is necessary to plan considerably in advance of sessions.

In preparation for the current session, a research department was organized by the council and financed by a grant of $15,000 from the Spelman Fund. The primary purpose of the grant was not so much the establishment of a new department; it was "for the purpose of giving the council additional facilities, not permitted under its appropriation, to enable it to perform the important tasks assigned to it by law."

Under the direction of Dr. Frederic H. Guild, the research department has reported on twenty-nine items referred to it. Reports have been submitted on school finance equalization, legislative procedure, corporation code revision, uniform accounting and auditing system for state and local government, and estimated revenue from changes in certain tax laws. Probably the most outstanding of the reports, though, were those on the sales tax, state police, and old-age pensions. These were not only of interest and service to the members of the council, for whom they were prepared, but were also of great value to legislators and legislative reference and research bureaus in other states.

Although it remains to be seen what the Kansas legislature will do with the bills recommended for passage by the council, it is evident that the latter has played an important part in improving the legislative product in Kansas. It has also set an example which the legislatures in other states might wisely follow.

THE MOVEMENT SPREADS

And there is no doubt that this movement is spreading, as was pointed out before in this article. As the number of councils increases, the need for some national clearing house of information and research will become increasingly imperative. It is hoped that the Interstate Reference Bureau of the American Legislators' Association which now serves in this capacity for the state legislative reference bureaus will perform the same work in connection with the councils.

In 1901 there were but two legislative reference bureaus. Today there are reference bureaus effectively functioning in thirty-four states.

Today there are but two actively operating legislative councils, but in view of the interest which is beginning to be shown, it is hardly too much to expect that by 1940 every state may have established one. The effectiveness of those now functioning and the

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Is the Town Meeting Democratic?

Changing conditions threaten the prestige of the New England town meeting as a truly representative body

KENDALL BANNING *Journalist*

"IF worst comes to worst, and an economic collapse should wipe out my job and my savings," the complacent householder has long been accustomed to observe, "I can at least retire to my cottage and five acres of land in the country and raise enough farm produce to keep the family alive."

For generations the cry for economic security, voiced by individuals and now incorporated in the recovery plans of the government, has been closely akin to and indeed a part of the instinct of self-preservation. It has impelled men and women to work and save, to invest their earnings in income-producing projects. Chief among these forms of investment have stood life insurance, stocks, bonds, and real estate. In the latter category are included an as yet uncalculated number of just such havens of refuge as a "cottage and five acres of land in the country."[1] In New England alone there were, in 1930, 124,935 real estate holdings officially classified as farms. These figures do not include the countless thousands of small homes surrounded by sufficient land upon which garden truck may be raised for home consumption. It is reasonable to assume that an exceedingly large proportion of these homes were purchased out of savings as sound investments and as a security against economic dependence.

In the light of events of the past three or four years, just how sound have these investments proved to be? And just how much economic security do they promise for the immediate future?

From the point of view of the investor who seeks a return from his property in the form of rent, the real estate owner has suffered a substantial loss since 1930. A recent inquiry among real estate dealers and real estate associations in New England reveals that the revenues derived from real estate property have fallen off from 40 to 60 per cent, varying, of course, with local conditions. And if the market value of real estate is determined by the income derived from it—and this method of computation is perhaps the most logical of the several ways of estimating the worth of it—the capital of the investor has shrunk accordingly. To the investor who owns and occupies his own home, this shrinkage involves a nominal loss rather than an actual loss. But the security of both the resident and the non-resident home owner is now being threatened with a danger that is not at all merely nominal, but very real and in too many cases imminent and urgent. And that danger is confronting the "cottage and five acres of land in the country." It may be expressed in a single word, taxes.

1. According to the United States Census Bureau, there were 6,288,648 farms in the United States in 1930, when the latest complete figures were available.

In New England, local property taxes are passed upon at town meetings, an institution created by the Founding Fathers over three hundred years ago and still cherished as one of the most distinctive and revered of the numerous forms of town government. The tax rate is established annually, and is based, of course, upon the requirements of the town budgets. And the size of the budgets are, in turn, determined by the financial needs of the community.

During the past two or three years of economic collapse the budgetary requirements of the towns have naturally risen —and risen at a time when the capacities of the taxpayers to pay have been shrinking. Relief rolls have swollen. Temporary work has had to be provided for the unemployed.

To the extent that tax raises are attributable to the costs of essential relief measures they may be viewed with alarm and deplored, but little can be done about the situation other than to place the victims upon the relief rolls, at the expense of the other members of the community. But during the past year or more instances have been recorded when these town expenditures have been sponsored by small groups who were in positions to profit personally from them. To this kind of political mayhem the New England town meeting has proven itself, not generally by any means but certainly in a sufficient number of cases to reveal its defects, unexpectedly amenable.

This condition is due not to any change in the statutes that govern town meetings, for few changes have been made in them for generations. It is due to the changed conditions under which the town meetings of today function.

When the Founding Fathers formulated the state laws that govern New England town meetings, they assumed correctly that these meetings would be largely attended and that they would reflect public opinion. "Town meeting day" was an occasion. Folks hitched up their teams and drove into town from the whole countryside. Discussions of politics was a favorite indoor sport, and the town meeting itself was a source of entertainment.

Those conditions, however, do not now so generally prevail. The introduction of the movies, of radio, of motor transport, and the vast increase in the number of newspapers and magazines that enter the home have vastly broadened the horizon of the rural resident. The town meeting does not generally occupy the same place in the life of the community that it once did. Out-of-town property owners have been buying up cottages for summer residential purposes, and if town meetings are held—as they often are—when the summer residents are away, they have no way of knowing that a town meeting has been called or that a spending project is afoot that may affect the value of their property—unless they happen to subscribe to the local newspaper that circulates in their town and their eyes happen to catch the brief warning of a forthcoming meeting, which constitutes the technical legal "warning".

FEW AT TOWN MEETINGS

The result is that town meetings are attended by a smaller percentage of the taxpaying population than they once were. It has been estimated that in the average New England town a bare 8 or 10 per cent of the taxpaying population attend town meetings; in some towns (especially those in which non-residents own property) this percentage is considerably less. Instances may be cited when groups as small as 3 or 4 per cent of the taxpayers have passed measures that involve substantial sums of money and that impose heavy obligations for years to come upon the remaining 96 per cent, most of whom were not even advised of the meetings. To claim that this condition is a true reflection of a

democratic government is palpably absurd. Certainly it cannot be maintained that such a condition constitutes a true reflection of the "will of the people".

Thus a situation is created which not only makes it possible for a small group to control town meetings but encourages it to do so. If this group has any personal motive in putting over a large appropriation; if as a result of its successful efforts to induce a town meeting to float a substantial loan that will be used for building a school house or a water system or for road improvement, for example, the sponsors are in positions to profit from fees or commissions on contracts, or to gain political advantage through the dispensation of jobs to constituents, the proceedings assume an aspect that is not dissimilar to that which has shrouded some of the deals perpetrated by the political rings that have preyed upon our larger cities. Under the stimulation of the federal and state recovery programs which have advocated large appropriations for public works, several towns in New England have been stampeded into voting loans that have tripled and even quadrupled the town debts. When it is considered that these important measures have been passed upon by small groups of citizens and taxpayers who have been led by men who were in positions to benefit personally from the transaction, substance is given to the belief that the revered New England town meeting is being made the victim of a form of racketeering.

The absence of state statutes that cover town meetings facilitates this form of manipulation, and enables the proponents of public-spending measures to form blocs of unemployed, people on relief rolls, property-owners in arrears on their taxes, and citizens who own no property at all. These represent a class of the population who are naturally disposed to vote for appropriations that will bring them jobs or more and better relief and who, having nothing to lose themselves, are quite ready to vote away the funds of those who have taxable property. Only two of the New England states have laws that prevent paupers from voting, and these laws are not generally invoked; no New England state statute forbids persons on relief rolls or tax delinquents from voting. Nor are there any laws on the state statute books that define how the legal voters at special town meetings be distinguished from others, or how votes shall be taken. The consequence is that small but vociferous cliques can and sometimes do dominate the meetings—even when important financial questions are up for decision.

CHANGED CONDITIONS

It is clear that the Founding Fathers had in mind no such perversion of the town meeting when they conceived it. They did not visualize a community that would be largely depopulated during the winter months by residents who motored south, or which was owned in large part by non-residents who occupied their property only during the summer season. They had in mind town meetings generously attended by the local, authorized population, whose opinion reflected the community point of view. To a large extent that remains true today. But it is not invariably true and there are valid reasons for believing that it is becoming less and less true. Both the resident and the non-resident taxpayer, unless he can be present in person and register his opinion, is more largely at the mercy of minority groups than he has ever been before. He has, in reality if not in a technical legal sense, been largely disfranchised—disfranchised as much as 90 per cent, in actuality.

To preserve the rights of property owners in such communities it would seem only equitable that the opportunity be given to every taxpayer and to

every legal voter to register his attitude toward any proposed appropriation that is large enough to threaten the tax rate. This privilege should not be confined to the small group of citizens who happen to be in town when the town meetings are called, who in too many instances constitute but a negligible proportion of the taxpaying list and only some of whom are property owners at all. To concentrate the tax-levying power in the hands of such a small number is contrary to the spirit and purpose of a democratic form of government. Neither in name nor in fact does this technique represent "the will of the majority".

REFERENDUM NECESSARY

The most obvious method of insuring an equal chance to every voter to register his opinion, and at the same time obtain the "will of the people" to an infinitely greater degree than is customary under the present system, would appear to be a referendum ballot that is mailed to everyone who is qualified to vote at special town meetings. Such a procedure would not merely advise the voter that a town meeting has been called to consider an appropriation of money for which the taxpayer must eventually pay; it would do more. It would give him the opportunity of recording his opinion for or against—by mail.

Absentee voting at elections is now a common practice in many states. To submit referenda ballots on projected large expenditures of public money has long been a familiar custom in our larger political units. The application of this system to New England towns involves no new or untried theories of government. Extravagant spending programs entered upon during the past year or two by a number of towns normally conducted economically, under the temporary domination of small blocs, offer evidence that some more effective check should be and eventually must be found to gauge the real wishes of the people of the town as a whole, and to give every property owner an actual—not merely a technical legal—warning that an appropriation is under advisement that may conceivably affect the amount of taxes he will have to pay. Such referenda would, of course, be practical only on proposals for substantial appropriations, representing perhaps some ratio to the Grand List—1 per cent, for example. Thus a village with a Grand List of $6,500,000 would employ a referendum ballot only on projects involving $65,000 or more.

Obviously such a method of obtaining the will of the people must be made mandatory by state law. Otherwise the control of the town meetings, and the option of submitting a referendum vote to the taxpayers would remain in the hands of the small groups, which is precisely where it is now.

Unless this, or some equally effective method of giving every taxpayer an actual, honest and equal right to express his will in regard to how much of his own money his townsmen propose to spend and for what purpose they plan to spend it, can be put into effect, the vaunted democracy of the New England town meeting will become less real than theoretical, and the position of the property owner will continue to assume more hazardous aspects.

Until some such safeguard is furnished to the taxpayer, and other modernizations made upon the ancient New England town meeting as an instrument of government—improvements that will enable it to work as originally contemplated—the owner of a "cottage and five acres of land in the country" will find that his economic security is not quite as secure as he anticipated. He may even conclude to migrate to a locality where there are no town meetings to be manipulated by cliques that are not always actuated by altruistic motives, and who don't care how much of the taxpayers' money they spend—so long as they get their share of it.

Municipal Credit in National Affairs

A possible solution for the high cost of money to municipalities offered by financial expert

A. A. BERLE — *City Chamberlain, New York City*

THE time has come to talk bluntly on public finance, and particularly about local finance. It is not in good shape. I do not mean by this to say that municipal bonds are not good investments. I mean to say that the system of municipal finance and municipal credit as we now have it is reaching the end of its tether.

For better or worse, we have an economic system which allows for creation of permanent wealth, or capital wealth, only against creation of interest-bearing debt of an almost equivalent amount. Municipalities did not make this system; it is not for local governments to settle whether it ought to be changed. We have to live with the system, and we have to try to handle our affairs under it. Under that system we are coming close to the end of that rope so far as our governments are concerned.

A fair estimate of the internal debt of the United States is about 170 billions. Something over 10 per cent of it, that is, about 17 billions, is the debt of the local governments, and probably (though accurate figures are not available) nearly ten billions are the debts of cities and towns.

Translated into terms of individual human beings, this means that in most large cities you have a debt running anywhere from $150 to $250 for every man, woman, and child in the town; or if you like, an average American family living in a city has to carry a debt running anywhere from $650 to $1100—a debt ahead of any other debts that family has to carry, though the family may not know it.

Now it is all very well to say that when we created the debt we created wealth along with it. Of course, in a manner of speaking, we frequently did. Against this terrific mass of indebtedness, represented by bonds outstanding, we have schools, hospitals, prisons, insane asylums, streets, parks, bridges, and in some cases street railways and subways; to say nothing of water systems and sewers. This, of course, is the substantial achievement occasioned by all this volume of paper. This, in fact, was what made it possible to issue and sell to the public these billions and billions of bonds.

But I would like to have you note a change in the picture. We were originally building a kind of property which created profits—I mean our water systems, our transportation, our sewage. These in their own way yielded a profit, either because they increased real estate values or because they performed, publicly, services which otherwise would be performed privately. Not so long ago water works were almost entirely private; many are today.

Now, however, we are worried about creation of wealth which is not of the profit-making variety. A municipal

hospital is never a profit-making thing. It is a salvage job. A playground or park is not in general a profit-making activity. It is a recapture job. We are taking back, at large expense and by the creation of more debt, a piece of God's green earth which we squandered some years ago. Schools are the most worthwhile thing we do, but they are not profit-making. No one ever accused a prison of being a profitable enterprise reflecting an increased value—except ever so slightly—and the same is true of a host of other activities. Even where these are of the kind which tend to raise values over the long pull, we are running into a situation where, for the moment at least, our people simply dare not incur additional debt.

Also, in plain human common sense, it is not enough to know that a thing is useful and that you need it in order to be able to buy it. Any family may know that it is quite worth while to have an electric washing machine rather than to worry along with the old tub; but the plain fact is that a family which is heavily in debt cannot take on the job of paying up installments on a washing machine. If every economist and every business expert comes around to demonstrate that it is a serviceable and saving proposition, a family already loaded to the guard-rails with past bills will simply have to say, "We can't afford it." Once in a while you can take in washing for the neighbors and pay it up that way, but cities cannot do that.

Mayor LaGuardia has already demonstrated that in time of depression, when a city's revenues are hardest to collect, and when the value of its properties is lowest, the financial demands on city governments increase rather than decrease. Where there is a large relief expenditure, you are not increasing wealth at all: you are merely handling a current problem in the hope that it will be over fairly soon; and that in the face of an uneasy suspicion that this problem of unemployment is not going to vanish over night, but is likely to be with us for some years to come.

RELIEF SERVICES NEEDED

Partly as a result of the misery of the depression, partly as a result of changing ideas, and partly because we are now facing all the consequences of the boom period, the demand for the salvage services of the cities is reaching a peak. This means, in plain English, that we are obliged to create property of the non-profit order—that we are almost by force steered more towards the hospital and the park and the unemployment relief job, and away from the original wealth creating mechanism like the water system. It is not a clear-cut proposition, but that seems to be the general trend.

There is no indication yet that the federal government proposes to abandon its plan of public works. Nor indeed is it desirable to do so; for the whole federal idea is not to get locked into a permanent dole system which, though cheap, condemns a whole class to a moral and economic death. Rather, it is to create employment, even though this may be more expensive. And up to date, these public works have been financed by permitting local governments to borrow from the federal government, along with a 33 1-3 per cent grant. Already the bills for interest and amortization on these municipal borrowings are beginning to come in. Can we go any farther along that line?

There is a difference between federal government financing and local financing. This difference is complete and fundamental. The federal government can literally create its own credit by selling securities to banks which manufacture bank credit for the purpose. With the overpowering position which the federal government has, this can continue for a considerable period of

time. But a municipality dealing with its banks or bankers is in no such situation. The banks can simply decline to deal. We have to find real money—that is, either we have to tax, or we have to sell bonds to private investors through banks. Instead of creating credit for the purpose, we have to attract existing funds away from some other market or use. I do not here go into all the economic lingo. What it comes to is that the federal government can make a bank create a dollar of credit and lend it to the federal government. A city has to find an actual dollar in existence somewhere, and induce the lender to let go of it. It is, more or less, a real dollar against a bank dollar.

BORROWED MONEY COSTLY

And what is the result? Well, the average city pays anywhere from one-fifth to one-third of its budget as interest or amortization of past debts. That means that the average taxpayer is paying anywhere from twenty to thirty-three cents of his tax dollar towards bondholders' coupons, bank interest, and previous bills. I am not quarrelling with this. The city got what it wanted, and if the money was wisely spent it has the hospital or the schoolhouse today. But when it comes to going on with the program, we may be pardoned if we stop a moment and figure up a little where we shall finally land. Especially we have to stop and think when we are offered (and it is alluring enough) a great deal of money which can be easily borrowed by us from the federal government. The only easy part of the transaction is the borrowing. The job of paying it back which already begins, is not so simple. And yet, if we are to stop borrowing, we must likewise stop meeting requirements for capital goods which a swift moving modern civilization creates anyhow—to which demands must be added the cost of taking care of unemployment through depression.

If these demands were for the kind of thing which yielded a profit—if the bridge were always a toll bridge, or the water system were always a system in which the water rates would pay for interest and amortization—we should get along simply enough. But this is not true in many and perhaps most cases.

Reverting for a moment to the national picture, what is really happening is this. We have two trenches—a reserve trench occupied by the national government, and a front line trench occupied by the localities, especially the industrial cities. The reserve trench can draw re-enforcements at any time from the banking depots behind the lines. We cannot.

If I were a classical economist I could tell a story about why a depression was a good time to get rid of debt; and accordingly why we might all go into bankruptcy and scale down our debt that way. But the fact is that we are not going into bankruptcy—not if we know it, or can possibly avoid it—and that we will probably use every device we can to maintain this structure of 17-odd billions of local debt we have set up. We can do something with taxation—but only if we do not further increase the share of our taxes which goes for interest and sinking fund on bonds. If we increase that share, our taxes presently do not leave enough over to pay for the city services after the bondholders and banks are taken care of.

We can do considerable with a reduction of budget, and with economy; but that too is limited in amount; and it is more than counter-balanced by the expenditures of our various welfare departments for relief and unemployment. Something can be done with simplification of government. Our three tools are economy, taxation, and government re-

organization in the interest of economy. All may be applied with some effect. But compared to the whole problem of our debt structure they do not go far enough to allow the creation of any great amount of additional debt. This is the blunt truth about it; and there is no use blinking that fact.

WHAT IS THE SOLUTION?

What, then, can be done? Probably it depends in the main on national policy, for after all, what happens to us as individual cities is merely the result of what happens to the nation. We could, of course, go on borrowing on the general theory that pretty soon we would either have inflation which would wipe out all debts, or great recovery which would make it possible to levy tremendous taxes and pay them off. But I think neither of these alternatives will happen. I think we probably will recover slowly, on a gently rising incline, for a good many years. If we let our debt and our debt service rise faster than that mild upward trend, we shall be in trouble long before a kindly Providence lets us out, either by a financial collapse, in which I do not take much stock, or by a magic recovery, in which I take even less stock. Anyway, no executive worth his salt will usually care to take even a one-third chance on running his city into a bankruptcy court if he can possibly avoid it.

It seems to me that we have to get away on a new tack. Roughly speaking, our municipal debts create two kinds of property—the kind which is self-liquidating, which generates income enough to pay its own way, and the kind which is merely a dead operating loss, no matter how you look at it, because its principal function is taking care of the poor or unfortunate or afflicted, or cleaning up our past mistakes. We can put the self-liquidating variety out of the picture for the moment, because that can carry itself by ordinary commercial standards without more. But if we are going into projects of the latter kind, we have to have a different kind of credit available. Specifically, I think there ought to be some financial mechanism which can create credit for municipalities as credit is created for the federal government; and this under appropriate control, so that it never gets out of hand. I believe that this probably could be accomplished either by arranging with existing banks or creating municipal credit banks, capable of lending money at relatively long term to municipalities at a rate of interest kept so low that its primary function was to pay the expenses of operation rather than to attract public investors. Amortization, rather than interest, ought to be the chief concern. To do this, such a bank or agency would have to be able to purchase city bonds which bore a rate of interest nominal by comparison with the past rates. Such banks would create credit for that purpose. To secure funds, such banks would have to have the power to rediscount such bonds in the federal reserve bank or a similar institution. Within limits, such an institution could even do a certain amount of refunding of existing debt. You would then have in the field of long term public credit the same kind of a credit creating mechanism which commercial banks, for a price, afford to the average merchant.

There is a reason for doing this now. We have had crises before, and depressions are not new. But in the main, they have been short term money crises —the difficulty has been with commercial credits. This time we are in for something more fundamental. Really we have at the moment a capital credit crisis—not that we lack capital in the United States, but that we have a debt structure—in large measure a local debt structure—which does not permit pay-

ing interest sufficient to attract the capital; and a business structure in which a new investment can pay its way only by bankrupting some past investment. As a result, capital does not move; and at the same time the lack of movement of capital creates unemployment; and the brunt of the burden falls on these same municipalities and local governments.

The solution which I have suggested is not within the lines of strict financial orthodoxy. It is, however, I think, in line with the views of the longer range economists who have long since foreseen that at some stage of the game our mechanism of capital credit which bears interest will get ahead of the situation and force a stoppage of the works. A good many of the younger men who study this question feel very strongly about it; perhaps the most brilliant discussion will be found in the October *Virginia Quarterly,* by Mr. David Cushman Coyle, one of the economists attached to the National Recovery Administration.

SOCIALIZATION OF CREDIT

I can put it a little more spectacularly. What I have really proposed, when you analyze it, is the socialization of a certain amount of credit. I have endeavored to limit that socialization to the kind of expenditure which is already socialized in its nature. A municipal hospital, for example, or a public park, is a socialized institution if ever there was one. Unemployment relief expenditures are socialized money, if that institution exists anywhere in the world. I believe that you cannot run the two systems together. You cannot be taking care, in one way and another, of nearly one-sixth of the population on a socialized theory, and expect at the same time to have that kind of expenditure represented by a debt bearing any appreciable rate of interest. To the extent that you are required to make socialized expenditure, your interest rate must come down.

In the present exigency, with our relief expenditures, our public works, and all the rest of the program, the municipalities are asked to go in for a tremendously increased socialized expenditure. They cannot do this unless to an equal extent some kind of credit is extended to them on a basis commensurate with the job they are doing. They will not make any self-liquidating money out of supporting unemployed; and they cannot indefinitely pay interest for generations to come on account of those borrowings. To do so simply means that within the next few years we shall be looking down the gun barrel of bankruptcy, with attendant dislocation of our local government system.

One other thing ought to be done. We cannot go on with three layers of taxes—federal, state and local. What we really should have is a single tax-gathering bureau making a single scientific system which collects for all and registers the proceeds. Since that is a difficult thing to do, perhaps we can take one step towards it now. That is by reaching an understanding between the federal government, the state governments, and the local governments as to sources of taxation, so that we do not double and treble one tax on another in the same field. A conference might well be called at which all three groups are represented for the purpose of trying to agree on a division of taxation; and we might make some progress towards a scientific handling of the whole question of public revenues.

There is not time to take up all the angles involved here. For instance, with every issue of municipal securities we issue a blanket certificate of tax exemption; and as the local debt goes up, the tax base grows smaller. Interest on

this kind of debt already is nearly 10 per cent of the total interest bill of the United States. Again, our relief bills are really nothing more than subsidies to industry. When times are good, industry employs men and makes a profit, and distributes the profit as dividends. When times are bad, they fire their men and the community takes on the losing end of the business, which is supporting the workmen until the next job comes along. There is a very real argument here for feeling that the old traditional system must now be matched by additional machinery which will make the scheme of things square up. As it stands now, when the system is going well municipalities do not take advantage of the profit; when things are going badly, however, they are asked to stand the loss. In proposing a method by which this loss shall be minimized, and in proposing a method by which capital credit may be made available for the stimulation of industry, we are merely doing now, at long last, what the commercial credit bankers learned to do 150 years ago. No one can claim that the present system, judged by its results, is perfect enough to need no improvement. We cannot leave all social inventiveness to our communist friends. I therefore have taken the liberty of putting before you a possible method of attacking our own problem without monkeying with the monetary system, without changing the commercial framework, and without undertaking to go in for vast social experimentation. I have proposed merely that we adapt to this crisis the credit machinery which has been our principal reliance in other depressions.

Editor's Note: Address delivered at the annual meeting of the United States Conference of Mayors, Chicago, November 22, 1934.

LEGISLATIVE COUNCILS

(Continued from Page 151)

enormous future possibilities for improving legislation are apparent. But how immediate is the need for a device like this, which will furnish guidance for legislators, is indicated in the following paragraph from the recent report of the Governor's Advisory Constitutional Revision Commission of the State of Washington:

"The legislature is entitled to this service (a legislative council). At present the members are confronted with a huge mass of unorganized material, and bewildered by conflicting information from constituents and lobbyists. From this they are expected to develop a logical and sound program of legislation. The legislature is perfectly competent to determine state policy if the material upon which such policy rests is presented to it in proper form. But to turn legislators, many of whom are inexperienced, adrift with no aid or advice, except that tendered by voluntary special interests, is to expect the impossible."

MR. ROGERS IS AN ADMIRER OF THE NEBRASKA PLAN

Beverely Hills, Calif., Feb. 14.—Controller of the Currency O'Connor is visiting his home out here. He is very enthusiastic about the Nebraska plan and says other states are watching it.

They did away with the state senate and house, too, and formed a smaller single body. . . The whole thing cuts down expenses tremendously.

It's a marvelous idea but tough to get through, for look at those jobs lost. . .

Yours for the Nebraska plan,

WILL ROGERS

From New York *Times*, February 15, 1935.

Measuring the Efficiency of County Government

A study revealing the basic factors upon which efficiency really depends and providing a basis for reorganization of county government in Montana

ROLAND R. RENNE — *Montana State College*

PROBABLY no other word is used more promiscuously in discussions of governments and tax reduction programs than efficiency. In the case of county governments a county office is popularly acclaimed to be efficiently managed if the total costs of that office are less than the costs of the preceding year or period of years, or if they are less than those of the same office in neighboring counties or in counties of similar size. These conditions may exist, however, and yet the office be managed less efficiently than previously or than in similar counties.

Efficiency cannot be measured by comparing expenditures alone. It expresses the relationship between two important variables, viz., total expenditures and the amount of work, or the cost per unit of work done. Any thorough attempt to measure governmental efficiency should, therefore, give consideration to the amount of services performed by the governmental unit in meeting the demands made upon it by the public as well as to the cost. It is not due to chance that most discussions of governmental efficiency are confined to expenditure comparisons. Data showing governmental expenditures are readily available, those showing services rendered are not. The real problem is to measure as accurately as possible the amount of services rendered the public or the work done by the office.

The importance of measuring efficiency of county administration as accurately as possible cannot be overemphasized. Present popular expenditure comparison methods are not only frequently inaccurate and misleading, but highly unfair to administrative officers concerned. Expenditure comparisons alone put a one-sided emphasis on cost and frequently obscure significant facts which properly interpreted would enable certain mistakes to be avoided and inefficient methods corrected. A complete analysis of *both* services and expenditures reveals the basic factors upon which efficiency really depends, thus providing an adequate framework for reorganization of governmental units.

A METHOD FOR MEASURING EFFICIENCY

If a numerical record is secured for each county office for those services which require the bulk of the time and labor of that office, and if each duty is given a weight approximating its relative importance, or proportion of total time of the office required to render it, a composite weighted measure of work units can be secured which will indicate fairly well the amount of work done by the office. Dividing the total expenditures of the office by the total units of work shows the total cost per unit of work done. These unit costs may be assumed to measure roughly the comparative administrative efficiency between counties, high unit costs denoting low efficiency and vice versa.

It is obvious that this method has its limitations. Some of the duties of each

county office are of such a nature that the amount of work done in performing them cannot be expressed quantitatively. And, even if a numerical measure were possible in every case, no account would be given of the quality of the services rendered. However, granting that any measure must necessarily be an estimate, the method above is admittedly more scientific than the present popular standard of comparative expenditures. It happens that in Montana the more important duties of the principal county offices lend themselves to quantitative or numerical measurement, thus permitting a fairly complete measure of the volume of work done by a given office. In addition these principal duties are mostly established and standardized by the state legislature so that the problem of quality is largely solved.

VOLUME OF WORK OF COUNTY OFFICES

The above-mentioned plan was followed for each of the six principal county offices in Montana: namely, clerk and recorder, treasurer, assessor, sheriff, clerk of court, and superintendent of schools.[1]

These six offices handle virtually the entire administrative work of the county, the assessment and collection of taxes, and all bookkeeping, clerical, and recording work incident to the receipt and expenditure of county and trust and agency funds and the filing of public documents. These six offices were analyzed for each of the fifty-six counties of the state. In each office the numerical amount of work done in performing the principal duties was secured and weighted according to a system of weights based on the composite judgment of several experienced county officers. The resulting total units were used to indicate the volume of work of the offices and to determine comparative unit costs between the fifty-six counties of the state. In the case of the clerk and recorder offices, the following items were used and given the weight indicated:

ITEM	WEIGHT USED
(1) Number of warrants issued	1/2 unit each
(2) Number of claims audited	1/2 " "
(3) Number of instruments filed	1/8 " "
(4) Number of instruments recorded	1/2 " "
(5) Number of assessments for tax roll extension	1/20 " "
(6) Number of funds for which distribution of taxes is made	6 " "
(7) Number of tax deed titles posted	2 " "
(8) Number of seed and feed loans	1/2 " "
(9) Number of voting precincts	7 " "
(10) Number of registered voters	1/15 " "

The following items were used to indicate the comparative volume of work of the treasurer offices and each given the weight shown:

ITEM	WEIGHT USED
(1) Number of tax statements written	1/24 unit each
(2) Number of tax receipts issued	1/12 " "
(3) Number of delinquent taxes	1/4 " "
(4) Number of receipts other than taxes	1/30 " "
(5) Number of auto licenses issued	1/12 " "
(6) Number of motor vehicle tax certificates issued	1/30 " "
(7) Number of tax deeds issued	1/12 " "
(8) Number of funds for which distribution of taxes is made	6 " "

The work of the assessor offices was

[1]The following officers are required by law to be elected in Montana counties: assessor, district court clerk, county attorney, commissioners, clerk and recorder, sheriff, treasurer, superintendent of schools, surveyor, coroner, and public administrator. In addition to these eleven officers, an auditor must be elected in the larger counties (those with $15,000,000 or more of taxable value). In 1934 only four counties in Montana qualified in this group and had auditors. Since in the smaller counties the clerk and recorder performs most of the duties of the auditor and clerk and recorder combined, auditors were included with clerk and recorders in the analysis.

measured by the following items weighted as indicated:

ITEM	WEIGHT USED
(1) Number of assessments made	1 unit for each 100
(2) Amount of real estate and improvements assessed	1 unit for each $100,000
(3) Amount of livestock assessed	1 unit for each $ 25,000
(4) Amount of personal property assessed	1 unit for each $ 50,000

The following items were used to measure the comparative amount of work of the clerk of court offices and each given the weight indicated:

ITEM	WEIGHT USED
(1) Number of civil cases	8 units each
(2) Number of criminal cases	10 " "
(3) Number of marriage licenses	1/4 " "
(4) Number of wills or other probate matters	20 " "
(5) Number of naturalizations	6 " "
(6) Number of juvenile cases	2 " "
(7) Number of insanity cases	1 " "

The work of the superintendents of schools was measured by the following items weighted as shown:

ITEM	WEIGHT USED
(1) Number of first and second class school districts	1/4 unit each
(2) Number of third class and rural school districts	2 " "
(3) Number of grade schools	1 1/2 " "
(4) Number of grade teachers in first and second class districts	1/8 " "
(5) Number of grade teachers in third class and rural districts	1 " "
(6) Number of high schools	1 " "
(7) Number of high school teachers	1/8 " "
(8) Number of school visits made:	
(a) Average of 10 or more teachers per district	1/4 unit per visit
(b) Average of 5 to 10 teachers per district	1/2 " " "
(c) Average of less than 5 teachers per district	1 " " "

The nature of the work of sheriffs in Montana is such that it is more difficult than in the case of the preceding five offices to measure accurately the volume of work or unit costs. One of the most important duties of the sheriff is investigations, but the time required for each investigation varies greatly in different cases, and for the most part the sheriff's records on investigations are very incomplete. It was therefore impossible to include this item in the data used as a basis for determining relative costs per unit of work done. The following items were used and each given the weight indicated:

ITEM	WEIGHT USED
(1) Number of warrants of arrest	1 unit each
(2) Number of citations into court	1 " "
(3) Number of subpoenas	1 " "
(4) Number of garnishments	1 " "
(5) Number of summons	2 " "
(6) Number of orders served	2 " "
(7) Number of attachments	2 " "
(8) Number of executions	3 " "
(9) Number of prisoner days	1/12 " "

COMPARATIVE UNIT COSTS OF PRINCIPAL COUNTY OFFICES

Considerable variation in costs per unit of work done or efficiency was found to exist between the fifty-six counties for each of the offices above. In the case of clerk and recorders, the labor costs (salaries and wages) per unit of work done ranged from $1.08 to $3.12 with an average unit cost of $1.68 for the fifty-six offices. Sixteen, or 29 per cent, of the counties had unit costs of less than $1.50 while 14, or 25 per cent, had unit costs in excess of $2.00.

Labor costs for the treasurer offices ranged from $1.52 to $7.98 per unit, with an average cost of $4.27 for the fifty-six offices. Fifteen, or 27 per cent, of the counties had unit costs of less than $2.50 while ten, or 18 per cent, had unit costs in excess of $4.50.

Unit costs for assessors ranged from

$9.26 to $65.37 with an average unit cost of $16.26 for the fifty-six offices.[2] Sixteen, or 30 per cent, of the counties had unit costs of less than $15.00 while eight, or 14 per cent, had costs in excess of $25.00.

Unit costs for clerk of court offices ranged from $.96 to $12.44 with an average of $2.64 for the fifty-six offices. Ten, or 18 per cent, of the counties had unit costs of less than $2.00 while fifteen, or 27 per cent, had costs in excess of $5.00.

Labor costs for superintendent of schools offices ranged from $2.92 per unit of work done to $24.80, the average for all fifty-six offices being $8.77. Only four, or 7 per cent, of the counties had unit costs of less than $6.00 while eleven, or 20 per cent, had costs exceeding $12.00.

Unit costs for sheriff offices ranged from $3.62 to $56.01, the average for the fifty-six offices being $8.12. Nine, or 16 per cent, of the counties had unit costs of less than $6.00 while ten, or 18 per cent, had costs exceeding $18.00.

It will be seen from the data above that the least efficient (highest unit cost) clerk and recorder office had unit costs approximately three times as great as the most efficient clerk and recorder office; in the case of treasurer offices, the unit costs of the least efficient office were five times as great as the most efficient; for assessor offices they were seven times as great; for clerk of court offices, thirteen times as great; for superintendent of schools offices, about six times as great; and for sheriff offices, fifteen times as great. Why are there such wide variations as these in efficiency or unit costs? What conditions or set of factors seem to be conducive to high efficiency? What changes are necessary in county organization and administration to make these favorable conditions more general? How can these changes be made most expediently?

[2]The unit of work and consequently unit costs are comparable for the same office in the different counties but not for different offices. That is, the units for clerk and recorder do not represent the same amount of time, labor, or money expended as the units for assessor or treasurer. Consequently, a unit cost of $9.26 for the most efficient assessor office does not necessarily mean it was less efficient than the most efficient clerk and recorder office which had a unit cost of $1.08 or than the most efficient treasurer office which had a unit cost of $1.52.

RELATION BETWEEN TRAINING AND EXPERIENCE OF ADMINISTRATIVE PERSONNEL AND UNIT COSTS

The training and experience of administrative personnel is an important factor affecting unit costs. In the case of clerk and recorders, it is significant that in those counties with the lowest unit costs those in charge of the office had considerably more training and experience in the duties called for by this office than the average of all clerk and recorders. In the two lowest unit cost offices the clerk and recorders were serving their eleventh year in office while the average for all clerk and recorders was six years. In addition to serving a long time in office, both of these officers served a considerable period of apprenticeship before running for office, one having been a deputy in the office for five years prior to election and a deputy for six months in the county treasurer's office; the other, four years as deputy in the office and two years as deputy in the treasurer's office. In addition, one is a bookkeeper by profession; the other has had fifteen years of bookkeeping and general clerical experience. These qualifications are in sharp contrast to those of the average clerk and recorder. Two-thirds of them had no previous experience as deputy in the office and four-fifths no previous experience in a related county office.[3]

In the case of treasurers, the lowest unit cost offices were in charge of those

[3]The offices of treasurer, assessor, and auditor are considered related in that their clerical duties are somewhat similar or deal with the same type of material.

with experience and training much above the average. It is significant that in the two lowest unit cost offices one of the treasurers was a deputy in the office for six years prior to election, and the other was deputy in the office two years and a deputy for four years in the clerk and recorders office, in addition to being a bookkeeper and accountant by profession; whereas, in the two highest unit cost offices, the treasurers had no previous experience in county office, no bookkeeping or clerical experience of any kind, one being a housewife, the other a railroad fireman.

Results comparable with the above were found in the case of assessor and other offices and indicate that there is a very definite relationship between efficiency and the training and experience of administrative personnel. In no case were the most efficient offices in charge of those without any previous apprenticeship or special training for its duties, but in most instances those in charge of the highest unit cost offices were without previous experience or training.

RELATION BETWEEN VOLUME OF WORK AND UNIT COSTS

Another very important factor affecting unit costs is the volume of work done by the office. A very definite relationship was found to exist between the amount of work done and the cost per unit of doing it. The cost per unit tends to increase as the amount of work done decreases, while the unit cost decreases as volume of work increases. However, this relationship is not a pure linear one, that is, the cost does not decrease in exact proportion to increases in volume of work done, or vice versa. Rather the relationship tends to be curvilinear in that the reduction in costs is not the same for every similar increase in volume of work done. At first the unit costs drop very rapidly as the volume of work increases, but a point is reached when a greater volume of work does not result in lower unit costs and, in some instances, actually results in an increase. Thus the data illustrate clearly the principle of diminishing returns.

This tendency is most pronounced in the case of clerk and recorder offices where the costs per unit of work done decrease as the volume of work increases until a point of about 7,500 work units is reached, after which the unit costs definitely tend to increase. In other words, the best size of county for this office in Montana, under the present organization of county government, seems to be one in which there would be about 7,500 work units or an amount of each of the principal duties somewhat as follows: 7,000 warrants and claims, 2,900 instruments filed, 1,100 instruments recorded, 130 tax deed titles posted, 10,000 registered voters, 43 voting precincts, and 6,300 individual assessments.

The principle of diminishing returns is also clearly illustrated in the case of treasurer offices. The unit costs decrease very rapidly until 1,800 work units is reached after which unit costs continue to decrease much more gradually and when the volume of work is increased beyond 3,200 work units, the costs begin to rise. Thus, it would seem that the best size of county for this office in Montana, under the present organization of county government, is one in which there would be about 3,000 work units, or an amount of each of the principal duties somewhat as follows: 13,500 tax statements written and about the same number of tax receipts issued, 2,600 delinquent taxes, 2,500 receipts other than taxes, 2,500 automobile licenses, 2,800 motor vehicle tax certificates, 175 tax deeds issued, and about 80 funds.

In each of the other four offices studied, the principle of diminishing returns operates to a much less extent, and in the case of school superintendent and sheriff offices it is hardly discernible. In the case of assessor offices unit costs decrease as the volume of work in-

creases until a point of about 400 work units is reached, after which they stay about the same but show a very slight tendency to increase. In the case of clerk of court offices, the unit costs decrease much more gradually after 2,000 work units is reached and when the volume of work is increased beyond 6,000 units the costs tend to rise. The unit costs for superintendent of schools offices decrease more slowly after 600 work units is reached, but they continue to decrease somewhat with further increases in amount of work so that the lowest unit costs were secured with the largest volume of work recorded. Sheriff offices show about the same tendency in unit costs as superintendent of schools offices, unit costs being smallest for the largest volume of work offices. The five largest sheriff offices averaged about 3,400 work units and had an average labor cost of only $4.60 per unit, compared with the average for all sheriff offices of $8.12.

The results above indicate conclusively that a county office to be operated most efficiently must have, in addition to a personnel with good training and considerable clerical or county office experience, a volume of work sufficient to keep the office staff busy continuously during each working day of the year. An officer in a small county may have enough work to keep himself busy the year round but not enough to keep both himself and a full time deputy. Or, an officer in a large county, because of certain peak work loads a few weeks during the year, may keep too large a staff of regular deputies to get greatest working efficiency the rest of the year. There are, of course, some very efficient offices in both small and large counties, but the question persists as to what size of county, on the average, seems to have the volume of necessary work to keep its office staffs working at greatest efficiency throughout the year.

RELATION BETWEEN CLASS OF COUNTY AND UNIT COSTS

Montana counties are classified by law into seven classes based upon the taxable valuation of all assessable property within their boundaries.[4] Salaries of all officers and deputies are based on the classification of the county.

Fourth and fifth class counties (those with taxable valuations of from $10,000,000 to $20,000,000) average more nearly the volume of work which, in the analysis above gave the lowest unit costs for most of the principal offices, than do the higher or the lower class counties. Fourth and fifth class counties, therefore, should on the average have lower unit costs for the principal offices than other counties. An analysis of comparative unit costs for different class counties verifies this assumption. In most of the six principal offices either the fourth or fifth class counties showed the lowest unit costs, fifth class counties averaging only 83.9 per cent of the average labor cost per unit of work for the six offices for all counties of the state, as compared with an average of 143.4 per cent for the smallest seventh class counties (see Table I). In spite of the fact that there is only one second class and one third class county in the state, it is perhaps significant to note that both these counties rank lower in efficiency than either fourth or fifth class counties. The much higher unit costs for the smallest seventh class counties compared with the largest seventh class counties (see Table I), show very conclusively that efficiency tends to decrease rapidly as size of county decreases below the fifth class.

[4]First class counties are those with taxable valuations of $50,000,000 or more; second class, more than $30,000,000 but less than $50,000,000; third class, over $20,000,000 but less than $30,000,000; fourth class, over $15,000,000 but less than $20,000,000; fifth class, over $10,000,000 but less than $15,000,000; sixth class, over $5,000,000 but less than $10,000,000; and seventh class, less than $5,000,000.

Two factors largely explain why medium valuation counties (fourth and fifth class) and not the very largest have the lowest unit costs. In the first place large cities tend to dominate the largest valuation counties (second and third class) and large urban groups often have big ideas of expansion and development. They are frequently extravagant and demand the largest and finest courthouses and public buildings, many and varied services, etc. A second important factor is that the average administrative officer elected by popular vote does not have the executive and business ability to supervise effectively such large office forces as are required to do the work in the largest valuation counties. If an administrative officer were selected on the basis of his executive and business ability to handle the office efficiently, the large volume of work characteristic of the largest valuation counties would permit a very low unit cost of operation. Under such conditions the largest valuation counties would in all probability rank highest in efficiency.

The higher unit costs for the smallest valuation counties are easily explained by the fact that the volume of work in most of these counties is too small to enable the highest efficiency to be obtained. These very small counties show the smallest total expenditures for certain offices of any counties in the state, but they have the highest average costs per unit of work done. In several instances, if the offices in these small counties cut their costs to the legal minimum, that is, to one person who did all the work, they would yet show unit costs five times as high as the average of the ten best counties.

RELATION BETWEEN UNIT COSTS FOR OFFICES WITHIN A COUNTY

There does not seem to be much relation between the costs per unit of work for various offices within a county, that is, the level of efficiency is not similar for all of the principal offices. This is to be expected under the present form of Montana county government. All of the principal officers are elected by popular vote and on such a chance basis of selection there is bound to be a great variation in efficiency between those elected for the various offices. Moreover, there is no centralizing or coördinating directorship under the present headless form of county administration and the advantages of an extremely efficient officer are confined almost entirely to that office instead of being capitalized throughout all the offices.

CONCLUSIONS

The foregoing analysis illustrates in a general way a method of measuring and analyzing the efficiency of county administration. Its chief value aside from giving a more complete and equitable basis for comparing county office expenditures, lies in the fact that it reveals the basic factors upon which efficiency really depends and thus provides a fitting foundation for reorganization of county government. In the analysis above in which Montana county offices were studied, training and experience of administrative personnel and volume of work were found to be the principal determinants of efficiency. A program to improve county administrative efficiency, at least in this state, should therefore be designed to improve the training and experience of administrative personnel, and to secure a volume of work for each office sufficient to enable low unit costs of operation.

The training and experience of county administrative personnel would be greatly improved by raising the qualifications required to hold office. At the present time the standards for qualification to hold county office in Mon-

tana are extremely low[5] and similar conditions are rather general throughout the United States. One effective means of raising these standards for qualifications to hold office is to require all candidates to be examined by a state civil service commission. Minimum passing grades based on a written examination, a record of experience and training, and for some offices a personal interview, could be established for each office and all candidates required to obtain such grades or better before being allowed to file their candidacy.

Short terms of office are also a large factor in the lack of training and experience of county officers. Increasing terms of office to at least four years where the terms are now only two years would reduce the high rate of turnover and the too frequent induction of inexperienced men into office.

A sufficient volume of work for each office to operate efficiently could be secured principally by eliminating the present extreme departmentalization in county government, thus reducing the number of independent, elective, administrative offices and putting the affairs of the county under the direction of one chief executive. The county manager plan is an effective means of accomplishing this, and its marked success where it has been given a fair trial illustrates the advantages of a coördinated and responsible government. Consolidation of some of the smaller counties is another possible means of securing an adequate volume of work for each office. However, if county consolidation is to be most effective, a change should first be made in county internal organization. This change should be the replacement of the present numerous independent and uncoördinated elective offices by three or four functional units (departments of records, finance, public works, and public welfare), well coördinated and directed by a chief executive.

[5]The only requirements which an individual must meet to be eligible to hold county office in Montana are: (1) He must have reached his twenty-first birthday, (2) be a citizen of the state, and (3) be a voter in the county in which the duties are to be exercised. In addition to these the county attorney, superintendent of schools, and the surveyor must meet special requirements such as legal training, school teaching experience, and engineering training, respectively. In the important offices such as sheriff, clerk and recorder, treasurer, assessor, etc., however, there are no special requirements of any kind. In a study conducted by the author in 1934, two-thirds of the 597 county officers studied had no previous county office experience of any kind; three-fourths had no previous experience as deputy; nearly three-fifths had no previous clerical experience; and two-thirds had no previous bookkeeping experience.

TABLE I

RELATIVE EFFICIENCY (LABOR COST PER UNIT OF WORK) FOR VARIOUS CLASS COUNTIES IN MONTANA, BY PRINCIPAL OFFICES

Class of County	No. Counties	Labor Costs Per Unit of Work in Per Cent of State Average						
		Clerk & Recorder	Treasurer	Assessor	Clerk of Court	Sheriff	County Supt.	All Offices
First	0							
Second	1	102.2	115.2	74.9	73.3	77.0	92.3	88.0
Third	1	126.2	114.1	97.3	113.9	70.8	139.2	105.4
Fourth	2	100.4	133.9	74.7	57.4	44.7	119.0	86.1
Fifth	5	84.7	86.5	99.7	71.4	75.0	89.8	83.9
Sixth	20	109.1	95.1	101.1	113.8	112.9	94.8	105.0
Large Seventh[a]	12	88.4	108.4	106.5	132.6	139.9	102.4	113.3
Small Seventh[b]	15	116.4	96.5	133.2	182.0	196.2	109.5	143.4

[a]Those having taxable valuation of over $4,000,000 but less than $5,000,000.
[b]Those having a taxable valuation of less than $4,000,000.

Editor's Note: Journal Paper No. 49, Montana Agricultural Experiment Station.

Earning Power of Special Libraries

Value of library service appraised in dollars and cents

REBECCA B. RANKIN *Librarian, New York Municipal Reference Library*

THE earning power of special libraries is one that has engaged the attention of librarians from its beginning. But it has been a question which was and is difficult to answer. In fact, it is pretty generally conceded that it is impossible to estimate the earning powers of special libraries in dollars and cents returned upon capital invested. A special library does not work through with raw materials, finishing, sales, and other departments to an ultimate profit which can be made to show on a balance sheet. However, it is at least possible for a special library to cite individual instances of service which can prove a library's intrinsic value to the company which operates it or to the clientele which profits from it.

The earning power of a special library really lies in its facility of always being ready to supply required and necessary information where it will do the most good at the right time and in the desired form. Now and then a direct profit can be traced to the use of such material furnished by a special library. An instance of this kind is cited by the Insurance Society of Boston when the representative of a large safety deposit company sought information on fireproof safes to be used in preparing advertising literature intended to persuade men to the use of vaults for the safekeeping of valuables. The unprejudiced facts obtained from the library "gave scientific authority for what otherwise would have seemed a questionable assumption." That information meant money to them, the company representative stated.

The same library reports that, at another time, the field representative of a fire insurance company was enabled by the library's help to locate in a certain law report a court decision which was exactly to the point in case and warded off expensive litigation. Again, we have here a service with definite dollar-and-cents value attached.

A library which concentrates its activities upon one subject, which devises methods of indexing this special material minutely, and which emphasizes the importance of producing facts quickly and with minute detail can often unearth facts which would ordinarily be overlooked. It is such service that may often have intrinsic value to the inquirer.

It is most often in the legal field and sometimes in engineering practice or in commercial ventures that special libraries are able to point to savings which their service has produced. The New York Municipal Reference Library can cite a number of notable instances where city officials have reported back the good results of some of its most intensive research.

An investigator of one of the engineering departments of the city was

called in a case where a piece of property was being purchased for a certain engineering project. A price of $750,000 had been placed upon the land by the court. The engineer appeared as an expert witness and was enabled by use of scientific facts and concrete illustrations secured for him in the Municipal Reference Library to prove without a doubt that the value was too high and why. The result was a revaluation and the city actually paid $32,000 as the real value instead of $750,000 which previously had been established legally as the price the owner had a right to expect from the city.

Upon another occasion the city was sued for an enormous sum for damage done to a building privately owned which it was claimed had been the result of excavating under the foundations of the building. The proof of the private institution was a crack in the building. By diligent search, the Municipal Reference Library succeeded in producing a photograph which showed the crack in the building two years before the particular work had been done by the city, and also to point to conclusive proof that previous foundation work on a neighboring building might have been the real cause of the damage. Armed with these facts the city won its legal case and was actually saved one million dollars.

We can almost write a romance which hung on a string of research culminating in the Municipal Reference Library. A second son of a certain English Lord who knew no heritage was due him made his disappearance, fleeing to Canada. An upset skiff and a straw hat floating on the Thames one afternoon assured the parents that he had been drowned and he was much mourned. Meanwhile the youth enjoyed life in the new country and took unto himself a wife, coming to New York where the ceremony was performed by the Mayor —a common occurrence in those days. Some years later when the wandering son returned to England he found his older brother dead. The family insisted upon a marriage with a girl of their choice, likewise of peerage, although he told them he had a wife and child in America.

By the marriage in England there were three sons. The oldest of these sons later claimed a right to his father's title and heritage. At the same time the son of the marriage in America claimed the heritage. But how was he to prove he was a legitimate son and heir?

Lawyers were hired in London and in New York and a long search was made in an effort to produce such proof. For many years it was considered hopeless. There was a rumor that the grandparents had been assured that all evidence of the first marriage was destroyed before the second marriage took place. If proof could be found, a title and a fortune were involved. Naturally the search continued and it ended in the Municipal Reference Library where was located a stub or counterfoil of a receipt for a marriage license as written by hand years ago in the Mayor's office when the marriage ceremony between the New York woman and the English Lord took place in City Hall.

Such examples can only indicate in a meagre way the intrinsic value of library service. What it means to hundreds of city officials in their daily work, and to equal numbers of city employees who by the library's assistance, pass promotion examinations can never be estimated.

NEWS OF THE MONTH

NOTES AND EVENTS
Edited by H. M. Olmsted

City Manager Petitions in Reno and Trenton.— Utilizing a hitherto unused state law, citizens in Reno, Nevada, are demanding that their city council sign the death warrant of the present form of government and replace it with the city manager plan. A petition signed by 60 per cent of the "qualified electors" asking the city council to amend the city charter by resolution, giving effect to the city manager amendment set forth in the petition, has been filed with the city clerk.

According to the Nevada law, if the signatures are genuine, the council must accede to the wishes of the petitioners and the city manager plan must be put into effect without further procedure. The council has delayed action by referring the petition to the city attorney.

The committee canvassing all parts of the city obtained 5834 signatures, 267 more than required by the statute which provides that if a petition to the council, setting forth an amendment to the charter, bears the signatures of 60 per cent of the votes cast for justices of the supreme court at the last election preceding the filing of the petition, the council must, by resolution, put such amendment into effect.

A three-day canvass of registered voters in Trenton, N. J., obtained 5,500 signatures to a petition for an election on the city manager form of government, and it is hoped that, although that number is sufficient to authorize an election on that subject, the number of signatures will be tripled by further efforts. The date of the election is set as March 19. The movement is being sponsored by the Good Government League.

Chicago City Club Sponsors City Manager Movement and Legislative Program.— The City Club of Chicago is actively sponsoring a movement for the city manager plan in that city, and is also urging that the state legislature make it possible for any city in the state of Illinois to adopt the city manager plan by popular referendum in such city. At present only small cities and villages have this right, and action by the legislature is necessary before Chicago or other large cities can avail themselves of the benefits of modern and efficient city government as represented by the city manager plan.

The City Club has invited all interested persons and organizations to join with it in furtherance of this method of improving the government of the city. It is advocating the abolition of the ward system and the city primary election and the establishment of a full-time city council of ten to fifteen members nominated by a petition and elected by proportional representation. The popular election of administrative officials would also be discontinued. The Club also recommends revision of the budget laws to provide for full public information, more effective administration and an independent audit. Eventual consolidation with the city government of various municipal activities now wholly or partly independent is also urged.

The Club is also advocating a state legislative program covering constitutional revision, extension and improvement of the merit system, social insurance, consolidation of local governments, the placing of public school finances on an adequate and stable basis, reorganization of the Chicago Board of Education, the establishment of a central financial agency in the city of Chicago, permanent registration, the examination and registration of motor-vehicle drivers, better control of ex-

empt property, improved liquor regulations, a state police force, revision of the criminal code and registration of firearms. This program is set forth in a leaflet dated February 11.

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Syracuse Planning a Manager Campaign.—A Citizens League has been formed in Syracuse and is obtaining signatures to a petition for "Plan C." The number of signatures required is two thousand and they were obtained within twenty-four hours. However, the petitions will be circulated until between twenty and thirty thousand names are obtained. The petition will be presented so as to compel the city council under the terms of the law to order a special election in June. Plan C is an optional council-manager plan already in use in a number of cities in New York State.

The mayor of the city created a charter revision committee when it was apparent that a movement for a charter change was gaining ground. It is pledged to bring in a report in such a way that even if the city council accepts it and puts it upon the ballot, as councils have the power to do in New York State, there will be no change in the form of the government until January 1938; if Plan C is adopted the change takes place in January 1936. The plea is made by the Charter Revision Committee that Plan C does not provide for a nonpartisan system of election, nor for P. R. The reply of the Citizens League is that two years of mayor-council government is a heavy price to pay for these, and that the League will elect a council under Plan C which will not only put them in by amendment, but will include other improvements.

Whatever the outcome, Syracuse—by means of newspapers, meetings, radio, and pamphlets—is being given an intensive course in the principles and practice of municipal government.

WALTER J. MILLARD

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Indiana Supreme Court Resuscitates Constitutional Amendments.— Late in January the Indiana Supreme Court rendered a decision that proposed amendments to the constitution submitted to popular vote are not required to obtain a majority of the total votes at the election, but need only receive a majority of the votes cast on each amendment. This decision has the effect of reviving several important amendments which have been voted upon in the past, but supposedly were defeated. One of them permits the state to levy a net income tax. According to the Indianapolis *Star* the court's ruling will also dispose of many registration difficulties and make possible legislation to improve the requirements for the practice of law, but will, on the other hand, cause various complications in other directions.

The court also declared constitutional the gross income tax and intangible taxes enacted in 1933.

*

International Housing Congress.—The International Housing Association will hold an international housing congress in Prague, Czecho-Slovakia, June 23-30, 1935, where special attention will be given to the topics of slum clearance and the housing of unemployed and short-term workers. An exhibit of slum clearance plans will be shown and a tour of Czecho-Slovakia will be arranged for the study of slum clearance, modern architecture, and other aspects of housing.

*

Preparing Engineers for Governmental Service.—Several schools of engineering in the country have decided to add special courses to their curricula for the purpose of teaching engineers, looking toward the public service field, something about governmental operation, according to the February issue of the *Public Works Engineers News Letter,* bulletin issued by the joint secretariat of the American Society of Municipal Engineers and the International Association of Public Works Officials.

Purdue University has announced a new curriculum in public service engineering, beginning in September 1935. It is designed not only to give engineers expecting to enter the public works field a better grounding in government procedure, but also to prepare students who plan to enter the political side of government.

Graduate engineering students at the California Institute of Technology will in the future be given a twelve-weeks' course dealing especially with the administration of state and local government.

New York University has had a public works curriculum in its engineering school for

several years. This course is meant especially to train engineering students how to deal with public service problems. At Syracuse University the purpose is reversed. Students in public administration take courses in engineering as a part of their training.

With similar coördinated instruction in mind, the Institute for Training in Municipal Administration in Chicago has announced an extension course in public works administration for officials already on the job who want to learn the latest techniques.

*

Women Voters Declare for Trained Public Personnel and for Tax Reorganization.—Ten thousand legislators and other public officials throughout the country received early in February a declaration of the National League of Women Voters and its state and local branches that American life is seriously menaced unless there is permanent trained personnel in government and tax readjustments to provide needed revenues for essential government services. The leagues announced their pledge to campaign for two years for "standards of professional quality" in government service, and also for "reorganization of local, state, and national tax systems".

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New York City's Huge Works Program Emphasizes Planning Need.—Mayor F. H. LaGuardia of New York City has laid before the national administration a proposed program of public works in his city totalling one billion dollars, with a request for federal financing at a nominal rate of interest. Meanwhile, he is advocating the establishment in the New York City government of a permanent city planning division to prepare a master plan for the metropolis.

"The works program and the plan are not directly connected," according to R. L. Duffus in discussing the two in the New York *Times* for February 17. "But the difficulties encountered in laying out a sound pattern of municipal improvements have reinforced existing sentiment in favor of centralized control of the city's physical development.

"This point is emphasized by a consideration of some of the items on the Mayor's list. A number of these were also to be found in the recommendations made by the Committee on Regional Plan and its successor, the Regional Plan Association, both private organizations which have coöperated on a nonpartisan basis of expert service with political agencies within the New York region. . .

"Despite the attention locally given to planning, however, New York City has lagged behind the procession of great American metropolises in unifying its separate projects around a coherent, city-wide and official scheme. . .

"For almost a year the present (unsalaried) advisory committee has been working toward the preparation of a master plan. Since July 1 it has had the aid of a force of about one hundred draftsmen and other technical assistants from the work-relief rolls. It has been aided in its labors by the Real Property Inventory prepared by the Housing Authority.

"The probability is that it will have its master plan ready about a year from next June. Such a plan, when accepted by the Board of Estimate, would furnish a complete program for the guidance of the city's material growth. . .

"The distinction between the proposed planning division and the existing committee is, as the Mayor explains, that the planning division would be permanent and that its function would be not to give advice but to work out a city pattern which would have the force of law.

"Apparently the planning division, as outlined, could be set up under the present city charter, but it is doubtful that without further legislation it could plan all the far-flung material activities of the city, including many which could not be shown on a map as defined in the present charter. A master plan, once formulated, could, however, be included in a new charter or in an amendment to the existing charter."

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Philadelphia Committee for Efficiency and Economy.—The Eastern Pennsylvania Branch of the National Economy League has organized the "Philadelphia Committee", which is similar in organization, purpose, and plan of procedure to the "Efficiency and Economy Commission of Pittsburgh", organized by the Western Pennsylvania Branch of the League in response to a formal request by city council and the mayor. The Western Pennsylvania Branch is coöperating with the Eastern Pennsylvania Branch in the development of the Philadelphia project.

Unification of city and county government

in Philadelphia, with coördination of all expenditures under one responsible authority, also constitutes one of the objectives of the committee. Although the city and county of Philadelphia are coterminous and the city provides the funds to cover county operation, such appropriations being part of the city budget, yet city officials do not have control over county expenditures.

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A Municipal Training Institute of New York State.—All of the municipal training schools for twenty-two groups of city and village officials which have been conducted during the last six years by the New York State Conference of Mayors and Other Municipal Officials, will hereafter be operated by the Municipal Training Institute of New York State, which has been granted a charter by the Board of Regents of the University of the State of New York. This is said to be the first institution of its kind in America.

The first training school conducted by the Institute was for city and village building inspectors. This was held in Albany on Januarv 23, 24 and 25, 1935, with the following organizations coöperating: New York State Conference of Mayors and Other Municipal Officials, New York State Department of Labor, New York State Board of Housing, New York State Association of Building Inspection Officials. The school was attended by forty-five municipal building inspectors representing forty-two New York State cities and villages.

All of the training schools operated by the Municipal Training Institute of New York State will be directed by Albert H. Hall, Director of Training and Research of the New York State Conference of Mayors.

A school for park officials of the cities and villages of the state has been arranged tentatively for March. It is to be held in cooperation with the Mayors' Conference, New York State Council of Parks, and the state departments of conservation, education, and agriculture and markets. A school for sewage works operators will be held in Albany in April in coöperation with the Mayors' Conference, New York State Department of Health and New York State Sewage Works Association. Also in April a school is planned for recreation officials, in which the National Recreation Association and the state Department of Education are expected to coöperate.

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Civil Service Assembly Makes Chicago Its Headquarters.—Establishment in Chicago of headquarters of the Civil Service Assembly of the United States and Canada was announced in February by Clifford N. Amsden, secretary of the civil service commission of Los Angeles County and president of the national civil service body. G. Lyle Belsley, at present director of personnel in the Farm Credit Administration, has been named executive director of the assembly and will take over his duties about April 1.

Revived interest in improving public personnel by use of the merit system is given as the reason for setting up new headquarters of the assembly, which for the past four years has been functioning only through regional conferences. The assembly now plans to serve as a clearing house for information on public personnel administration and to promote the study, development and use of scientific methods of research and administration in the public personnel field. The office will be in close proximity to the Public Administration Clearing House and fifteen other national organizations interested in governmental business.

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Tax-Exemption Policies to be Examined.—The announcement is made by Albert W. Noonan, assistant executive director of the National Association of Tax Assessing Officers, Chicago, that a survey of tax-exemption laws of the forty-eight states will be made by the Association, to determine what changes in policy are taking place with regard to putting back on the tax-rolls property that for some time has enjoyed exemption.

Mr. Noonan states that many assessing officials are encountering the demand that traditional property exemptions of doubtful legality be re-examined, with doubts being resolved against the owner, instead of in his favor, as heretofore.

New York City is in the midst of a campaign to put exempt property, amounting to $20,000,000 in value, back on the tax-rolls. Other cities, checking on their tax-exempt property, are finding that they are "losing" appreciable sums in taxes each year. A recent check of tax-exempt real estate in Mil-

waukee revealed that the total of the publicly-owned exempt property amounts to nearly 157 million dollars, while the total of privately-owned exempt property is well over 57 million. A total of 16.4 per cent of all real property in this city is exempt from taxation.

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City Sales Taxes.—Although New York City has adopted a 2 per cent retail sales tax, which went into effect shortly before Christmas and will continue during the current year, with an expected yield of $40,000,000, other cities look askance upon this much criticized form of taxation. It has been turned down by Philadelphia, Los Angeles, Minneapolis, Cleveland, Akron, and Miami. Daytona Beach, Florida, however, has adopted a general retail sales tax of 3 per cent to meet operating expenses for 1935, and Atlanta, Ga., is considering a similar tax for school purposes.

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Relative Yields of State Income Taxes.—A study by James W. Martin, director of the Interstate Commission on Conflicting Taxation, reveals enormous differences in the yield of state income taxes in different states. New York, with high per capita wealth and moderate income tax rates, obtained $5.60 per capita from the state income tax, while Mississippi with high tax rates but low per capita wealth collected only 13c per capita. Delaware, with considerably lower income tax rates than Arkansas but having twice the per capita wealth, collected seventy times as much per capita as the latter state. State income taxes have yielded more in the depression years than has been generally supposed. The average revenue in the past three or four years, according to Mr. Martin, has been only about one-quarter less than it was during the boom period.

COUNTY AND TOWNSHIP GOVERNMENT

Edited by Paul W. Wager

Georgia—General Assembly to Consider County Bills.—On January 23, the Georgia General Assembly completed the ten-day organization session. The regular sixty-day session began immediately.

So far many bills have been introduced relating to county government. One bill would reorganize rather completely Glynn County. The number of county commissioners would be reduced from seven to three, the offices of receiver and collector consolidated, the fee system abolished and salaries reduced. The chairman of the county board would be, in effect, the mayor of the city of Brunswick.

Other bills would limit all county and city tax rates, provide home rule for local governments, abolish the county as a representative district by substituting a unicameral legislature of fifty members for a bicameral one of 256 members, exempt from taxes and debts (certain exceptions in the case of the latter) homes assessed at $5,000 or less and personal property at $500 or less. The loss of revenue incurred by this last act would be offset by a 5 per cent general sales tax and a lower exemption in the case of the income and inheritance taxes.

A committee of the County Commissioners Association has already established headquarters in Atlanta with the avowed intention of fighting the $5,000 exemption bill claiming county services would be wrecked and many counties bankrupted. This same group will support measures designed to shift the cost of schools, highways, and health services to the state and provide optional forms of county government.

J. Thomas Askew
University of Georgia

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Texas—Additional Gasoline Tax Proposed to Retire County Road Bonds.—Under a proposed bill to be presented to the Forty-fourth Texas legislature, a state board of county and district road indebtedness would take over the bonds on all county roads. This action would be accompanied by an increase in the state gasoline tax of one cent, the receipts from this to be used for the retirement of the bonds. A constitutional amendment would then be submitted to the people providing for the assumption by the state of all road bonds at reduced interest rates, such assumed bonds to be payable only from motor fuel taxes.

Basing their arguments for the hike in gasoline taxes on the benefit theory of distribution, the advocates of the measure hold that there can be no relation between the cost to

property owners and the benefits to them from road construction; hence the automobile owners should carry the burden. They show that the average tax rate throughout the state for road bonds alone is approximately 45c on the $100 valuation, and they maintain that adoption of the program would be followed by an immediate and appreciable reduction in the ad valorem tax rate over the state. Under the relief act of 1932 the state set aside a part of the gasoline tax to take over the county indebtedness on state highways, but the revenue was not sufficient. As a result no more than 30 to 50 per cent of this debt has been assumed by the state.

ROSCOE C. MARTIN
University of Texas

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Wisconsin—Milwaukee City and County Consolidation.—Five plans for combining the offices of Milwaukee city aldermen and Milwaukee county supervisors, to carry out the recent mandate of the voters for the consolidation of the city and county governments, are now before the city-county consolidation committee. All of these plans were submitted to the committee by City Attorney Max Raskin, who held that the plan drawn up by the sub-committee on legal problems was unconstitutional.

All five plans provide for the election of sixteen aldermen from the city of Milwaukee, either by wards or at large, and four supervisors from outside the city, also to be elected either by districts or at large.

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Pennsylvania — City-County Consolidation in Allegheny County.—A solution of the difficult problem of consolidating the governments of the city of Pittsburgh and of the county of Allegheny in which the city lies was recognized to be an "impossibility" by the People's Metropolitan Commission of Allegheny County early in February.

That body heard for the first time the report of a subcommittee of lawyers on the specific results that might be accomplished legally under the 1933 state constitutional amendment authorizing the creation of a metropolitan or consolidated city of Pittsburgh. The report of the subcommittee's findings provides a commentary on the question of what powers of a municipality are "substantial powers".

By the aforesaid amendment to the Pennsylvania constitution, it is provided: "The general assembly is hereby authorized to provide for the consolidation of the county, poor districts, cities, boroughs, and townships of the county of Allegheny, and the offices thereof, into a consolidated city and county, with the constitutional and legal capacity of a municipal corporation, to be known as the (City of Pittsburgh) and to provide for a charter for its government and to fix the name thereof in the charter. . . . Provided, however, that it is the intent of this section that substantial powers be reserved to the cities, boroughs, and townships situated in Allegheny County."

Allegheny County contains one second class city, third class cities, boroughs, and first and second class townships, in addition to a poor district.

Specifically, these municipalities retain constitutionally the powers of taxation, construction of local improvements, police and fire regulation, and such powers as were not specifically to be granted by the charter to the consolidated city. Under this amendment, it thus became an interesting question of constitutional and municipal law how far any proposed charter for a consolidated city could go without having its provisions at some future time declared unconstitutional.

The limitations were apparent. The people's commission set up by the county commissioners was faced with these constitutional limitations at the outset of its deliberations. The commission had to decide if it was worth while to have a consolidated city limited as its powers necessarily would be by the constitutional amendment quoted above.

In view of the fact that the third class cities, the boroughs and the townships in the county were to retain the power to tax, to operate public works, to take care of public safety, and to elect their own officials, it became questionable whether the powers of such a consolidated city would be substantial in any degree. Any consolidation to be effected ought to bring about "much needed economy and greater efficiency in local government, together with the elimination of duplications," the commission felt.

The subcommittee of lawyers reported that, hampered by the provisions of the consti-

tutional amendment of 1933, a metropolitan city charter could accomplish the following results: (1) Merge the county poor district with the county government, (2) provide for election of commissioners to govern the city, (3) establish an effective civil service system, (4) abolish existing but unnecessary county offices, (5) create special districts to carry out improvements not for the exclusive benefit of any one municipality, and levying special taxes thereon, and (6) maintain such works and utilities as the subordinate municipalities have no power themselves to maintain.

The power to "create special districts to carry out improvements not for the exclusive benefit of any one municipality, borough or township," it seems clear, is a power which a county government as now organized could carry out. So also, as far as concerns civil service.

Now with the decision reached that nothing proportionately worth while can be accomplished under the present state constitution, the commission is proceeding to frame an ideal charter for a metropolitan city. The way can thus be paved toward provisions capable of being included in any new constitution which may come.

Meanwhile in the state legislature, legislators have presented a bill to give Pittsburgh a city-manager form of government and also the administration's bill calling for election of delegates to a constitutional convention to be called this year. It is through this convention that the metropolitan commission hopes to find the opening to bring about a consolidation of Pittsburgh and Allegheny county that will give substantial powers of government to the city over a county-wide area.

William C. Pettit
Member, Pittsburgh Bar

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Indiana—Further Reorganization Recommended.—The report of the Indiana State Committee on Governmental Economy was presented to the general assembly by the governor February 15. The bipartisan committee of ten members was authorized to make a study of the governmental situation in Indiana by the 1933 session of the assembly. It was not brought into being, however, until January 1934, when its members were appointed by the governor. Because of the short time available before the meeting of the present session, the committee restricted the scope of its inquiry and study.

The preparation of the individual studies contained in the report was done almost entirely by members of the instructional staffs of Indiana and Purdue Universities. Aid was extended to these men by the members of the staffs of several of the other colleges in the state and by state officials. The clerical work of the committee was furnished largely through funds allotted by the FERA.

The committee felt that integration had probably been carried too far by the reorganization act of 1933 and they recommend, therefore, that the number of administrative departments be increased from eight to thirteen. It is recommended that the practices of budgetary control and financial administration now followed be strengthened and extended.

The problem of county and township government occupied a great deal of the attention of the committee. Many detailed recommendations are made. The principles behind the recommendations are that responsibility in county government be centralized and that the functions of these two units be integrated.

The principles of centralization and integration characterize the recommendations concerning both public welfare and public education. In both functions responsibility and control have been allowed to become diffused. The committee recommends that the control of the state departments be extended to reach these functions whether performed by the state, the county, or the township.

The committee found that justice was being administered uneconomically because of the existence of too many and too unequally loaded courts. A complete new list of circuits is recommended to distribute more equally the work of the circuit judges. Many changes are recommend in both criminal and civil procedure to expedite justice. The committee also recommends the establishment of a non-political state police system to which would be transferred the police powers of the county sheriffs and their deputies.

It is recommended that the state gradually assume the responsibility for all highways in the state and that a conscious effort be made to coördinate the various forms of transportation facilities.

Among the miscellaneous recommendations the most outstanding are those to codify municipal law, the drafting and the enactment of a state and a county administrative code, and the establishing of a permanent research agency for governmental problems to continue the work of the Committee.

MAX M. SAPPENFIELD

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Proposed County Legislation.—Among the measures recently introduced into the various state legislatures now sitting are the following:

A resolution has been placed before the legislature of Maine empowering and directing the governor to appoint a committee of seven legislators—three from the senate and four from the house—"to study the advisability of changes in the county system of government, and report their recommendations to the 88th legislature." The resolution also calls for an appropriation of $500 for the expenses of the committee.

In Wisconsin a bill has been introduced into the legislature providing "permissive legislation for the consolidation of counties." The League of Women Voters is actively behind this measure.

In California legislation has been asked providing for the establishment of a commission to study efficiency and economy in local government.

A county home rule amendment to the constitution, similar to that which the voters defeated at the polls in November (see the NATIONAL MUNICIPAL REVIEW for December 1934) has been introduced in the Michigan legislature.

In Washington an amendment has been proposed to the constitution to "authorize and direct the legislature to provide for the formation of combined city and county municipal corporations".

The Pennsylvania legislature has before it two amendments to the constitution dealing with a more complete consolidation of the city and county of Philadelphia.

The Oklahoma legislature has before it a bill providing for a constitutional amendment permitting counties to adopt the manager plan.

A bill regulating county and state purchasing has been introduced in Iowa. It centralizes all county buying under one official.

TAXATION AND GOVERNMENT

Edited by Wade S. Smith

Taxes and the 42 State Legislatures.—Indicative of the efforts of the state legislators to meet the varied demands for tax relief is the host of bills—good, bad, and indifferent—which they have introduced into the sessions of the forty-two state legislatures during the past two months. Though the fate of many of the bills is uncertain as this is written, their content is both interesting and significant.

Perhaps the most surprising trend is that indicated by the number of bills providing for the exemption of homesteads from ad valorem property taxation, either by statute or by constitutional amendment. Seventeen states have seen such measures introduced—Alabama, Arkansas, California, Georgia, Illinois, Iowa, Kansas, Massachusetts, Michigan, Missouri, Nebraska, New Mexico, New York, South Dakota, Texas, Washington, and West Virginia. In a number of the states half a dozen or more bills of this type are pending. The Michigan bill would exempt "homesteads over $5,000 of persons over sixty-five who have lived on them for five years and qualify for old-age pensions". The New York bill would exempt improvements on land up to $5,000 per family if occupied by not more than two families, the owner to pay a tax on the land double the rate for local taxation. One of the Texas bills would provide for exemption for three years of improvements put on lands during that period. Several of the bills provide for exemption of personal property up to a certain amount, also, as well as differentiating between farm and urban property. The New Mexico bill, which was signed by the governor February 1, is the only one of these measures which has become law at this writing. It exempts from the property tax all homesteads up to the value of $2,500.

Efforts to secure tax limitation laws of course continue. Seven states have such proposals before them: Arizona (1 per cent statutory limit), Illinois, (1 per cent statutory limit, exclusive of judgments and debt, also a proposed constitutional amendment imposing an aggregate 1 per cent limit), Massachusetts (an amendment to permit tax limitation),

Minnesota (statute providing for limitations on a per capita and millage rate basis for different jurisdictions and population groups, and a proposed constitutional amendment imposing a limit of 1.2 per cent of full value), New York (proposed constitutional amendment abolishing state property tax and limiting local tax on real property including debt service to 2 per cent of true value), Pennsylvania (statute to limit school levies to 4 mills), and West Virginia (proposed constitutional amendment imposing rate limitation, in connection with proposed homestead exemption). In the California legislature a constitutional amendment is proposed prohibiting all ad valorem taxation of real estate.

OTHER QUESTIONABLE BILLS

Extensions of sale dates, remissions of penalties, extension of periods for redemption, and kindred "relief" measures similarly continue to find favor with the people's representatives. Bills looking to these ends are before twenty-one legislatures at this time, while several have been enacted.

Arkansas approved February 2 a bill extending the right of redemption on land forfeitures to October, 1935, by paying one year's tax. Indiana approved January 17 a bill providing for postponement of tax sales during 1935 so far as the delinquent lists of December, 1934, are concerned; if the 1934 taxes are paid in 1935, such lands shall not be offered in 1936. A bill was approved in Texas January 25 releasing penalties and interest on delinquent taxes as of that date. Utah approved a bill January 21 extending the time for redemption of 1928-29-30 taxes, when certificate is held by the county, to April 1, 1935, at the same time reducing the amount required for such redemption. A bill to extend the period for redemption of property sold for taxes to eight years was killed by the South Dakota legislature.

Bills proposed in California would extend the redemption period after sale, and also provide for a moratorium on tax delinquencies. A Connecticut bill would rebate interest and penalties on taxes paid in full before October 1, and fix a maximum interest of 7 per cent on taxes due. Idaho would extend the period for redeeming 1928-33 taxes. Iowa would provide a three-year moratorium on tax sales of properties used as homesteads. Massachusetts would abate and abolish penalties and interest on unpaid taxes, and also extend the date when liens for 1935 taxes attach. New Jersey would reduce penalties to 4 per cent for the first year and 6 per cent thereafter. New Mexico would remit interest and penalties if tax arrears are paid by June 15, 1935, the measure already having passed the senate. North Dakota would cancel all taxes on homesteads prior to 1934. Oklahoma would waive all penalties for 1933 and prior years' delinquencies, in a measure already passed by the senate. A number of bills in Pennsylvania would abate penalties and interest. Tennessee would postpone tax sales, as well as reduce or repeal entirely penalties on delinquent taxes. A constitutional amendment to abolish penalties is also proposed. West Virginia would extend the redemption time for forfeited lands, as well as cancel delinquent 1932 taxes altogether. Wisconsin would authorize cities, villages, and towns to extend the time for payment of 1934 taxes to persons unable to pay.

Even a brief description of some of these measures indicates that there is much grain among the chaff, and in several instances the previous legislative history of the state makes the adoption of the more unwise seem highly unlikely. Much definitely constructive legislation has been introduced, also.

CONSTRUCTIVE PROPOSALS ALSO

Twenty-seven of the states are considering legislation to alter or systematize assessment and collection procedure. Alabama would create a state tax commission of three members. Arizona would extend permanently its provisions for semiannual payment of taxes. California would speed up the procedure for the sale of tax delinquent property. Colorado would allow part payment after sale and before deed issues, allow discounts for prompt payment, and provide for payment of current taxes in quarterly installments. Georgia would amend the constitution to permit the classification of property for taxation. Idaho would set up discounts for prepayment. Illinois would permit installment payments. Kansas would provide three instead of four publications of delinquent tax lists, and also amend the constitution "for a system of taxation instead of a uniform rate and classification of intangibles."

Maine would have tax notices and demands served like writs. Massachusetts would provide a temporary process for redemption from

mortgage and tax lien foreclosures. Minnesota would allow the county treasurer to act as receiver for delinquent properties until the taxes are paid. Montana would classify all taxable property. Nebraska would allow the appointment of receivers in foreclosures of tax liens. New York would allow village trustees to accept installment payments, as well as require real estate appraisers to obtain state licenses. North Carolina's governor would see existing foreclosure laws clarified, but at this writing the bills have not yet been introduced. Oregon would provide installment or part payments, and also allow the delinquent taxpayer to work off his indebtedness. Pennsylvania would make tax sales mandatory during February 1935, and also authorize cities and school districts of the first class to impose penalties and interest on delinquent taxes. Texas would require taxes on real property to be equal and uniform, would make the lien for property taxes superior to all others beginning January 1 annually, and also amend the constitution to strike out the provisions for ad valorem taxes and instead empower the legislature to enact laws to raise revenue for governmental purposes. Utah would provide for installment payments and for discounts for prepayment.

Turning away from measures relating to the property tax, the picture is somewhat clearer, particularly as to sales and income taxes.

NEW REVENUES PROPOSED

Colorado adopted a sales tax February 2, effective March 1. It is a levy of 2 per cent on retail sales. Retailers will be licensed under the law. Bills to provide sales taxes by constitutional amendment or by statute are before the legislatures in nine states—Alabama, Arkansas, Georgia, Indiana, Maine, Minnesota, New Jersey, Tennessee and Texas. In West Virginia a bill to repeal the present gross sales tax law is also pending. Rates proposed vary from 1 to 2 per cent, though the majority propose 2 per cent.

Personal income tax proposals are before twelve legislatures—California, Colorado, Illinois, Delaware, Indiana, Maryland, Michigan, Massachusetts, Pennsylvania (for schools as an emergency measure), South Dakota, Washington, and West Virginia. Governor Hoffman of New Jersey recommended a personal income tax, as well as a sales tax, but the income tax bill has not been introduced at this writing.

More or less urgent appeals for readjustment of the state and local tax systems have been included in the messages of the governors of Arkansas, Colorado, Connecticut, Massachusetts, Minnesota, Nevada, New Jersey, North Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, South Carolina, Utah, Washington, and Wisconsin. Very thorough studies have been instituted by several of the governors, particularly into real estate taxation and delinquency, which if followed through by the legislators will result in a wholesale revision of property tax administration and in some instances of the entire tax system. For the legislators themselves, it may truthfully be said that immediate relief is the dominant desire of many of their constituents, so that it is hardly to be wondered that some of the measures show signs of haste and "political necessity".

Legislatures will meet before June in all the states except Kentucky, Louisiana, Mississippi, and Virginia. More bills can of course be expected before the sessions draw to a close, but in spite of the fact that many of the pending measures are decidedly unwise, such weaknesses are somewhat overbalanced by sincere and sanely contrived bills the adoption of which will materially improve the entire tax picture.

*

"Good" Tax Collection Laws Mean "Good" Tax Collections.— Need for the recommended legislation expected shortly from the National Municipal League's Committee on a Model Tax Collection Law is shown strikingly when recent current delinquency ratios are compared with the laws under which collection was attempted.

Restricting the field for comparison arbitrarily to those points most basic in enforcing payment, the following criteria were used to establish what might be termed a "good" tax collection law: First, penalties equal to 6 per cent or more per year, or equivalent interest; second, a relatively short period from the date tax is due to the date tax is delinquent; third, sale of the property, lien, or tax certificate within one year of tax delinquency; and fourth, no remissions or postponements of penalties, sales, etc.

The limitations of these criteria are obvious.

They do not reflect the efficiency of administration or calibre of personnel, nor do they take into account other important considerations. They are, however, four points upon which observers are agreed that collections are most likely to depend, and they have the added virtue of being easily compared on a state-wide basis, since they are usually controlled by state rather than local legislation, at least within fairly narrow limits.

Twenty-one of the states met the conditions set up in the criteria and were classified for simplicity's sake as having "good" law on these four points. Five states deviated from the criteria in minor respects deemed not to impair more than slightly the desired standard, and were classified as having "fair" law. Twenty-two states fell below the criteria, and were classified as having "poor" law.

The latest figures on tax delinquency on a nation-wide basis are for the levies due and becoming delinquent 1932-33, as compiled recently by the Division of Real Estate Taxation of the Bureau of the Census. The data are for state and local levies, and while subject to variations, are sufficiently comparable for general purposes. Figures show the average state-wide ratio of delinquency for the levies at the time payments became overdue. The ratio of 20 per cent delinquency was arbitrarily selected as the line of demarcation between tolerable and unsatisfactory collections. While subject to attack, this figure coincides closely with the national average by states (20.5 per cent), and seems on the whole reasonable.

The distribution of the state and the average delinquency as given by the Census Bureau figures are as follows:

States With "Good" Law

Alabama	11.5%	Montana	18.5%
Arkansas	20. %	Nevada	7.5%
California	12.5%	New Hampshire	17. %
Colorado	18. %	*Oklahoma*	25.5%
Connecticut	10. %	*South Carolina*	27. %
Delaware	14.5%	*Texas*	28. %
Iowa	14. %	Virginia	15.5%
Louisiana	7. %	*Washington*	29.5%
Maine	10. %	West Virginia	18.5%
Maryland	16. %	Wyoming	8. %
Massachusetts	6. %		

States With "Fair" Law

Georgia	13.5%	New Mexico	17. %
Idaho	28.5%	New York	12.5%
Nebraska	14.5%		

States With "Poor" Law

Arizona	24. %	North Carolina	23.5%
Florida	36. %	North Dakota	37.5%
Illinois	37. %	Ohio	26. %
Indiana	28. %	Oregon	34. %
Kansas	14. %	Pennsylvania	23. %
Kentucky	11. %	*Rhode Island*	17.5%
Michigan	40.5%	*South Dakota*	19. %
Minnesota	20. %	*Tennessee*	18. %
Mississippi	12. %	Utah	22.5%
Missouri	23.5%	*Vermont*	10. %
New Jersey	19.2%	Wisconsin	30.5%

Note: States whose delinquency ratio throws them out of conformity with the trend in the group are indicated with *italics*.

It will be noted that of the twenty-one states with "good" law, only four had delinquency ratios in excess of 20 per cent, while only one of the five states with "fair" law had a delinquency ratio in excess of 20 per cent. On the other hand, of the twenty-two "poor" law states, fourteen had delinquency ratios in excess of 20 per cent.

Putting it another way, of the nineteen states with delinquency in excess of 20 per cent, all but four had laws deficient in respect to the four criteria, while of the twenty-nine states with delinquency ratios less than 20 per cent, twenty-one had satisfactory laws with respect to the criteria.

Moreover, in respect to the states in the "poor" law group having satisfactory tax collections, at least four of the eight have in effect other provisions or practices which to some extent offset the deficiencies on the four points enumerated, while contrary considerations hold true with respect to the states in the "good" law group with unsatisfactory delinquency ratios. It seems likely that were the criteria extended to cover all collection provisions, the relation between law and delinquency would be even more striking.

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Gold Decision Favorable to Cities.—Danger that American municipalities might be required to pay back $1,690 for each $1,000 bond contracted was removed by the decision of the United States Supreme Court when on February 18 it sustained the Congress in its power to revalue the currency.

Pertinent sections from the "private bond cases" decision follow:

"The devaluation of the dollar placed the domestic economy upon a new basis. In the currency as thus provided, states and municipalities must receive their taxes. . . . The income out of which they must meet their obligations is determined by the new standard.

"Yet, according to the contentions before us, while that income is thus controlled by law, their indebtedness on their 'gold bonds' must be met by an amount of currency determined by the former gold standard. Their receipts, in this view, would be fixed on one basis; their interest charges, and the principal of their obligations, on another.

"It is common knowledge that the bonds issued by these obligors have generally contained gold clauses, and presumably they account for a large part of the outstanding obligations of that sort.

"We are concerned with the constitutional power of the Congress over the monetary system of the country. . . . The contention that these gold clauses are valid contracts and cannot be struck down proceeds upon the assumption that private parties, and the states and municipalities, may make and enforce contracts which may limit that authority. . . . We think that it is clearly shown that these clauses interfere with the exertion of the power granted to the Congress. . . ."

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Legislators Study Conflicting Taxation.— The Second Interstate Assembly, meeting at Washington, D. C., February 28-March 2, under the sponsorship of the American Legislator's Association, will see presented the report of the Interstate Commission on Conflicting Taxation, formed as a result of the meeting two years ago of the Interstate Assembly. The report will be delivered by former State Senator Seabury C. Mastick of New York.

State legislators, representatives of the cities, and public and private agencies will be heard from at the sessions. Studies on conflicting taxation will be summarized, and a program for coöperating in untangling the conflicts in taxation through existing state agencies will probably be developed. Official delegates are expected from more than half the states, and many from other agencies and divisions as well.

PROPORTIONAL REPRESENTATION

Edited by George H. Hallett, Jr.

Philadelphians Trying for a Vote This Year.— The Philadelphia City Charter Committee is presenting again the bill to allow the nation's third city to vote on the adoption of a new charter based on the city manager plan with proportional representation, the charter which has been before the last three Pennsylvania legislatures with the backing of civic groups now totaling a quarter of a million members but which the Vare organization succeeded each year in keeping in committee. This year the political picture in city and state is greatly changed and the bill is conceded a much better chance of enactment.

If it should be approved, the city will vote either at a special election this spring (if one is called on the question of a constitutional convention) or at the September municipal primary. If the vote is favorable the first proportional representation election of the city council will be held in November, the regular time for the election of the full council, and the council so chosen will appoint a city manager at the end of Mayor Moore's term next January.

Among the organizations actively supporting the bill is the Philadelphia Committee of Seventy, which in 1919 sponsored the present Philadelphia city charter abolishing the earlier two-house council and making other advances. The Committee's annual dinner on February 21, addressed by Mayor Russell Wilson of Cincinnati, was the opening gun of this year's P.R.-manager campaign.

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Pittsburgh Bill Introduced Again.—Senator Frank J. Harris of Pittsburgh has introduced again in the Pennsylvania legislature the Pittsburgh city manager bill, including provision for election of the city council of nine members by proportional representation from the city at large if the plan is approved at the polls. The bill was prepared by the Civic Club of Allegheny County and resembles closely the bill which was held in committee in both houses two years ago by the then dominant Republican organization.

For the last two sessions such measures have had the active support of practically all

the important civic bodies in Pittsburgh, from the Chamber of Commerce to the Central Labor Union, and of all three daily newspapers. Four years ago an optional P.R.-manager bill applying to all cities except Philadelphia (which had and still has a bill of its own) was sponsored by Representative Glenn Moore, administration leader of the House, and defeated by a close vote. Two years ago a special Pittsburgh bill was sponsored by Senator Harris, who is an independent Republican, and Representative John Kane, now a Democratic member of the Pittsburgh council. A motion to discharge the committee which was holding this bill in the house was supported solidly by the Democrats and by several Allegheny County Republicans.

Last fall the Democrats swept the county and the state. Their attitude under the changed conditions is still a matter of conjecture, but the party is strongly pledged to the principle of municipal home rule and could not consistently refuse a referendum vote on the adoption of the plan, which is what this bill and the corresponding Philadelphia bill provide. Because of the holdover members the Senate majority is still Republican, but with Senator Harris and several other Republican senators known to be favorable the bills should pass if the Democrats renew their support.

There has been much talk in Pittsburgh of a "ripper" city manager bill aimed at Mayor McNair, who has broken with the Democratic organization which nominated him, but the Harris bill allows all officers to serve out their terms. If the plan should be approved by the voters of Pittsburgh this fall, the mayor and the holdover members of the council would continue in office for two years more and the new members would be elected for a two-year term. In 1937 the entire council would be elected together by P. R. for a four-year term and would appoint the first city manager on assuming office in January 1938.

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Other Pennsylvania Municipalities.— The Municipal Charter Committee of Pennsylvania has recently re-introduced the bills making proportional representation and the manager plan separately available by petition and popular vote to all third-class cities and boroughs. Taken with the Philadelphia and Pittsburgh bills these constitute a complete program for all the municipalities covered in the Pennsylvania home rule amendment of 1922 (for which enabling legislation has never been enacted) with the single exception of Scranton. Whether Scranton will have a bill of its own this year has not been determined. Last session it was omitted because of unfavorable political conditions, though in Scranton as elsewhere there is substantial support for the city manager plan and P.R.

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Cleveland Reconsidering.— Council President Alexander De Maioribus has introduced in the Cleveland council a proposal to submit to the voters a charter amendment providing for the re-establishment of the city manager plan and for elections of the city council from the city at large, either by proportional representation or by majority vote as the council may provide.

Coming close on the decision of the county charter commission to submit a P.R.-manager county charter for Cuyahoga County, which includes Cleveland, this move in the city council is a significant indication of returning sentiment for the principles of the manager plan and P.R., which were abandoned in a close vote in 1931.

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Charter Hearings in New York City.— The highly respected and broadly representative new city charter commission appointed by Mayor LaGuardia in January, with former Judge Thomas D. Thacher as chairman, commenced public hearings on February 18 and is proceeding with its preliminary studies with the aid of the same competent legal staff which served the old commission abolished by the legislature last summer.

Proportional representation continues to be the major charter proposal urged with most unanimity by civic organizations and leaders. It has been recommended to the new commission by the Citizens Union, the Merchants Association, the City Affairs Committee, the League of Women Voters, the Women's City Club, the Joint Committee of Teachers' Organizations, and the Socialist and City Fusion parties. The New York *American* is already crusading for it editorially along with the city manager plan, which is also supported by a number of the organizations mentioned above.

P.R., if submitted to the voters by the commission, must be submitted as a separate pro-

posal under the terms of the charter commission law. Since even the old commission voted to do this by a 19 to 9 majority and since P.R. can be adopted or rejected without affecting the decision on the charter as a whole, it is confidently expected that the commission will submit it. The vote on the charter proposals may be either at the municipal election next fall or at a special election next year.

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P. R. in the Government of India Bill.— In new constitutions initiated within and passed by the British Parliament, such as the Government of Ireland Act, and in proposed constitutional changes such as bills for reform of the House of Lords, proportional representation almost inevitably finds a place. The Government of India bill is no exception to this rule. It contains several provisions for the use of proportional representation with the single transferable vote.

It is proposed that this system shall be used in the election of each of the two federal houses of parliament, both of which are indirectly elected bodies. The upper house, the council of state, will be elected by members of the legislative council in provinces with two houses of parliament, and from specially constituted electoral colleges in provinces with a single legislative chamber. In each provincial "constituency" the proportional system will be used. The federal house of assembly will be elected by the members of the legislative assembly of each province, and again in these elections the proportional system will be used.

Although these elections are of an indirect character, they constitute an important extension of the use of the proportional system, an extension which was recommended by the joint select committee and which will doubtless be sanctioned by both houses of the British Parliament. In practice it will mean that in all the provincial parliaments of British India, covering an area half as large as Europe, the members will be called upon from time to time to use the proportional system, and, as a consequence, all interested in the working of the new constitution will become familiar with this method of election and the purposes it is intended to serve.

His Majesty the King, in opening the first Round Table Conference, said: "I have in mind the just claims of majorities and minorities." The new bill gives effect to these words by assigning to the various communities—Hindu, Muhammadan, Sikh, and others—a specified number of seats. This division into communities is adhered to even in the indirect election of the federal legislature. It is recognized that the rigid division of the electors into communities has serious drawbacks. It has been adopted because the representatives of some of the communities insisted upon the precise safeguards which this system affords. A beginning could be made, if the Indian communities agreed, in getting away from this rigid division by making a fuller use of the proportional system in the indirect elections.

In any case, the provisions of the bill assure the representation of every substantial interest.

JOHN H. HUMPHREYS, *Secretary*
British P. R. Society

GOVERNMENTAL RESEARCH ASSOCIATION NOTES

Edited by Robert M. Paige

Des Moines Bureau of Municipal Research.— The Bureau is sponsoring a series of radio interviews with prominent Iowans on governmental matters over and by the courtesy of radio station WHO every other Monday night. The programs explain fundamental local and state governmental services, point out their shortcomings and suggest remedies, for the enlightenment of the ordinary taxpayer and pupils of the civics classes in schools and colleges. Among the subjects discussed have been the state old-age pension, conservation of natural resources, fire and police protection in cities and country, reorganization of state and county public welfare activities, etc.

The Bureau is devoting its entire attention to the present legislature and is pushing a program of economy and reorganization measures. Among these are proposals by the Interim Legislative Committee for a state safety department, centralized state and county welfare activities, centralized state and county purchasing, as well as certain measures suggested by the Bureau including four-year term for state, county, and city officials, a bill providing for a public bidder at scavenger tax

sales, a bill to combine separate local tax publications into one publication in order that the taxpayer may be informed as to his total next year's taxes before levies are made, and various other measures.

In 1934 the city finance department and the Bureau combined in preparing an improved form for the monthly financial statement which will present a true picture of the city's financial situation and avoid "buried deficits". The Bureau has kept before the public the growing deficit incurred by the city which declines to confine expenditures to cash income.

The Bureau arranged a coöperative movement between local taxing subdivisions which with enabling legislation should result in salvaging about one-half of the two million dollar delinquent taxes eligible for scavenger sale in Polk County instead of losing practically the entire amount.

The Bureau is carefully analyzing information from other cities regarding the city manager plan and also has started a series of reports on unit costs of all local public activities.

C. A. Crosser, *Director*

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Institute of Public Administration.—The Institute is making a comprehensive survey of the government of Westchester County, New York. This survey will serve as a basic study for the revision of the Westchester County charter.

Luther Gulick, director of the Institute of Public Administration, is research director for the New York State Commission for the Revision of the Tax Laws. The report of the Commission, which will be delivered to the legislature at the 1935 session, will deal with the problems of county government in New York State. Howard P. Jones is assistant research director of the Commission; Lewis B. Sims, Paul Studenski, M. P. Catherwood, John J. Theobald, Audrey Davies, Lyle Chubb, and others, are members of the research staff.

Bruce Smith was appointed by Governor Lehman as a member of the New York State Law Revision Commission. Mr. Smith is also a member of the New York State Commission on the Administration of Justice. This Commission rendered a comprehensive report in 1934, but continues its work through its Committee on the Revision of the Code of Criminal Procedure.

Philip Cornick is making a study of tax delinquency in the entire county of Westchester based on an extensive case analysis of individual cases.

At the request of Secretary Morgenthau, A. E. Buck was loaned to the United States Government as technical adviser to the Bureau of the Budget during the preparation of the United States Budget for the fiscal year 1936. Mr. Buck has now returned to the Institute but will continue to give some time to the Treasury problems during 1935.

Luther Gulick is research director for the Commission of Inquiry on Public Service Personnel. The report of the Commission, entitled "Better Government Personnel," has recently been published by the McGraw-Hill Book Company. In addition to the report the Commission is publishing the Minutes of Evidence of the Hearings held in Washington, New York, Chicago, Minneapolis, St. Paul, Seattle, San Francisco, Los Angeles, and Richmond; and twelve monographs, including "A Bibliography of Civil Service and Personnel Administration," by Sarah Greer (Monograph 1), which is already published.

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Taxpayers League of St. Louis County, Inc. (Duluth).—During the past few months, in addition to the routine activity of maintaining an accurate knowledge of the affairs of the local governments and making such knowledge available to all persons and officials interested in the affairs of local government, the Taxpayers League has instituted a survey of the practices and policies of the Duluth public schools. In that connection it has issued a progress report pointing out the relatively high per pupil costs in Duluth and the necessity of working toward a smaller number of larger and better located elementary units in the interest of both education and economy. It has called to the attention of the board of education the fact that they were exceeding a 20-mill statutory limitation in the levy of taxes for the operation of schools. The League acted as respondent in a suit which resulted in a declaratory judgment establishing such limitation as binding upon the local school district.

The formerly occasional publication of a

bulletin on a single subject under the general title *The Taxpayers Business* has been changed to a monthly paper carrying significant news items as well as articles demonstrating the need and the methods of making local government better and more effective.

Study has been given the problem of public debt and the decreasing proportion of local revenues that are available for operating purposes after debt payments have been made. The League recently went into court and was successful in preventing the city from adding additional bonds to the outstanding debt by attempting to issue bonds under emergency powers when in fact no "emergency" existed.

Sounder methods of county business are being advocated and attention is being called to the fact that this can be had only after thorough-going reform in the structure of county government. An organization chart of the existing St. Louis County government has been prepared in this connection.

M. W. DeWees, *Executive Secretary*

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Worcester Taxpayers Association.—The third year of work by the Worcester Taxpayers Association saw a reduction in property taxes in Worcester for the second successive year. Local property owners paid $9,700,000 in taxes in 1934, as compared with $10,292,000 in 1933, and $11,435,000 in 1932.

Full credit should be given to Mayor Mahoney and our city officials for their coöperation during the past two years in bringing relief to the taxpayers. True, we do not concede that every possible measure to bring about economy and efficiency in city affairs has been adopted. Much still remains to be done in the future in the way of permanent improvements in procedure. But supported by public opinion, organized and directed by this Association, the city government has not only prevented substantial tax increases during the past two years, but has relieved somewhat the burden of the taxpayer.

A few of the more important activities of the Association during 1934 may be summarized as follows:

Faced with the prospect of a substantial tax increase early in 1934, we circularized our 12,000 members and directed a strong popular demand for continued economy toward city hall. We opposed restoration of salary reductions as unjustified either by the cost of living or the condition of the taxpayers, and appealed to city employees to continue their coöperation for another year. The result was a reduced budget and continuation of a salary cut, saving the city $800,000 for the year. It is open to question whether this saving, or all of it, would have resulted without our explanation of the seriousness of the situation to both taxpayers and city employees. Incidentally, our analysis of the situation was distributed throughout New England by the New England Council as an example for similar organizations to follow.

Two bills vitally affecting Worcester were before the 1934 legislature. We favored creation of the position of purchasing agent. This bill was referred to the 1935 session when the legislative committee was told the proposed new city charter would make a special act for a purchasing agent in Worcester unnecessary.

We opposed a bill of the tax commissioner to change the end of the fiscal year in Worcester and several other cities from November 30 to December 31, since as proposed this would have added more than $3 to the tax rate in 1936. We suggested that, if the change were made, the cost be apportioned over several years. This was done by the legislature and the act, effective in 1935, allowed the city to borrow on five-year bonds to finance the month of December, 1934.

We criticized the unwillingness of the city government to bring about permanent improvements in city management, such as the installation of cost accounting and inventory methods, the consolidation of departments, and a study of personnel problems with the idea of reclassifying city employees on some sound basis. Shortly after this, the city government authorized the installation of modern cost accounting and inventory systems in the public works departments. This system went into effect at the beginning of 1935, and should result in large savings if properly managed by department heads.

We coöperated with Jerome R. George and City Auditor Henry A. Allen in preparation of a study of the net cost of city affairs over a period of years, and gave this wide distribution. This was in the nature of an effort to make financial statistics of the city available to the average citizen in a way he could understand easily.

We were consistently active in attempting to obtain larger shares of federal funds for Massachusetts and for this city. Early in the year it appeared that Worcester and other so-called "wealthy" cities were to be penalized for their good credit standing by being allowed little if any federal relief money. We took the leadership in fighting this unfair proposal, carried our fight to Boston and Washington, and finally secured what was at the time a fair share of the funds for Worcester. Since that time we have had several occasions to condemn the apparent belief of federal officials that Worcester needed less relief than other cities and towns. We have pointed out that our comparatively low debt did not mean that we were abnormally wealthy, but only that because of the Coe Act we had for many years financed improvements out of the tax levy rather than by bond issues.

The wisdom of our opposition to many PWA projects proposed in 1933 proved itself in 1934. In 1933 we objected to a large number of sewer and street projects estimated to cost before completion more than $1,000,000 and in every instance our objections were upheld by federal engineers and PWA officials in Boston and Washington. No case developed where any project we opposed became particularly necessary for the city in 1934. With another enormous PWA program under discussion in 1935, our careful consideration of projects will again be vitally important to the local taxpayers who doubtless will eventually pay a large share of the costs.

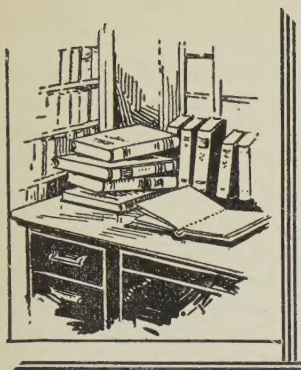
In the state field we have worked through the Massachusetts Federation of Taxpayers Associations with 140 similar organizations throughout the state to effect economy in state affairs and prevent enactment of extravagant legislation. The Federation has become a major force in favoring or opposing legislation, and is regarded by legislative leaders as the one group able to retard the trend toward extravagance at the State House. It has been estimated that the Federation saved the taxpayers of the state between $4,000,000 and $5,000,000 at the 1934 legislative session.

JOHN H. MAHONEY, *Executive Director*

CORRECTIONS

The author of "Party and Government Control at the Grass Roots," published in the January number of the REVIEW, informs us that certain data in Table 3, entitled Occupations of Committeemen, should have appeared as follows: The percentage of business executives in Ithaca should read 9% rather than 10%; the percentage of clerks, laborers, salesmen, etc., in Poughkeepsie should read 60% rather than 62%.

In "Comparative Tax Rates for 1934" published in the December REVIEW, a footnote relating to Washington stated that appropriations for the District of Columbia totaling $7,775,000 were paid by the federal treasury. This statement is incorrect for the fiscal year 1934. In the fiscal year 1934 the federal government payment toward appropriations of the District of Columbia was $5,700,000. In the previous fiscal year of 1933 the federal payment amounted to $7,775,000, a reduction from $9,500,000, which was paid out of the federal treasury for the fiscal years 1932 and 1931. Prior to 1931 and back to the time when the lump-sum contribution was started, the amount annually received by the District from the federal treasury was $9,000,000 a year.



RECENT BOOKS REVIEWED

EDITED BY EDNA TRULL

Planning the Modern State. An Introduction to the Problem of Political and Administrative Reorganization. By F. A. Bland. Sydney, Australia, Angus & Robertson Limited, 1934. 230 pp. 4/6.

Mr. Bland, the author of this book, is lecturer in public administration at the University of Sydney and adviser to the Australian government and to the state and local governments of New South Wales. Aside from these close contacts with the government of his own country, he has traveled widely both in Europe and America, where he has had ample opportunity to observe the workings of the Continental, English, Canadian, and United States governments. With this broad understanding of political and governmental operations, he is admirably fitted to discourse on planning the modern state.

The various chapters in this book comprise a course of lectures given in Sydney under the auspices of the Sydney University Extension Board. The lectures were designed to explain to a popular audience the more recent trends of opinion on the problems of government, and to urge the need for a reappraisal of the Australian governmental machinery in the light of changed social conditions. This need, Mr. Bland claims, demands a new technique of administration. "It is hardly possible," he says, "that our race, which has shown a special genius for government, should have exhausted its powers of political invention, or that it should be willing lightly to resign in favour of any kind of dictatorship, the responsibility and the privilege of self government." With this assumption, he proceeds to sketch plans for improved parliamentary machinery and more effective administrative service.

Starting with a description of the Australian system of government, Mr. Bland then takes up the changing content of government, law-making, bureaucracy, official independence, public service personnel, finance, government as *entrepreneur,* and local government. In the treatment of these subjects, he draws extensively upon British and American experiences, illuminating his discussion with the opinions of many writers. Perhaps the most interesting part of the book is his chapter on "Fact and Fiction in Finance". The book deserves a wide reading by those interested in the improvement of government.

A. E. Buck

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Administrative Legislation and Adjudication. By Frederick F. Blachly and Miriam E. Oatman. Washington, The Brookings Institution, 1934. 296 pp. $3.00.

There are in the national government of the United States six hundred agencies which possess "sublegislative" powers and sixty instrumentalities which produce "administrative adjudication". No exact figures relative to their output are available, but the amount and variety of such activity have increased enormously under the Roosevelt administration. Delegated legislation and the quasi-judicial activities of national administrative agencies were widespread before this time, however, because the establishment of the Interstate Commerce Commission and similar tribunals for regulating business resulted in Congress' bestowing quasi-legislative and quasi-judicial powers upon such investigatory and control bodies.

The authors discover in the growth of sub-

legislation and administrative adjudication serious underminings of American traditions and institutions of government. "So far-reaching a transformation," they say, "involves a serious conflict between old and long established principles and methods, and new and slightly tried principles and methods. The change has already shaken such apparently impregnable citadels as the principle of the separation of powers, the doctrine of constitutional limitations, the doctrine of due process of law, the old theory of the relationship between the individual and the law which is commonly called 'the supremacy of law,' and the principle of the supremacy of the judiciary as the prime agency for the control of administration." They therefore argue that the influence of the judiciary should be increased. "Some sort of judicial review is needed," they conclude, whenever an administrative act is sublegislative or judicial in its nature. The power "to issue general rules and regulations" having the force of law is said to make an act "sublegislation" and any "controversy which is decided by an administrative authority acting in a judicial capacity," according to the authors, makes "such a decision really judicial in nature." Query: What is left of administration?

Blachly and Oatman are seeking "the development and harmonizing of administrative law" and they hold that "no true system of administrative law can develop so long as it continues to grow up as the confused results of innumerable decisions of various administrative authorities established at different times to carry out different kinds of functions." Hence, they propose the establishment of lower and appellate administrative courts. The superior administrative court would be organized into divisions, and "at least half of its membership should be recruited from the higher branches of the administrative service."

The authors are probably too modest when, in conclusion, they say, "No feature of the system here outlined is altogether new." Their concrete proposals are challenging and their analyses are skillfully made. The book makes a real contribution to the thinking on this complex and significant subject.

MARSHALL E. DIMOCK
University of Chicago

Public Utility Valuation for Purposes of Rate Control. By John Bauer and Nathaniel Gold. New York, The Macmillan Company, 1934. 477 pp. $3.50.

It is fortuitous that this carefully reasoned and public-minded treatise on utility valuation for rate making should have appeared at a time when fundamental changes in public utility regulation are impending and offer the only alternative to the widespread adoption of public ownership.

That the present system of regulation has basic defects which have been accentuated since 1929, the authors stress most emphatically; but they hold that the efforts made thus far have been largely experimental and unscientific, and that the recognition of public interest vesting in the utility field over a considerable period of time provides a real foundation for dealing more clearly and constructively with regulatory problems. Their concern is not exclusively with the more effective regulation of existing utility classifications, for they foresee the extention of the public interest doctrine to broader fields in conjunction with the future development of a planned economic system. It is increasingly important, therefore, they hold, that sound, equitable, scientific regulatory principles should form the basis of legislative and judicial action.

Fundamental in any effective system of utility regulation is the method of determining valuation for rate making purposes. This book is devoted primarily to this elusive and sadly bungled legal and legislative field. That the doctrine of "present value" for determining the valuation base for rate making purposes has been doubly stultified by the shrewd sophistries of the utilities and the legal profession and by the widely fluctuating price range of the last two decades was never more clearly evident than at the present time. The futility of attempts at regulation under this doctrine, either in behalf of the public in the matter of rates or in behalf of the long-term security of the investor, is convincingly demonstrated by the writers.

Long the exponents of the "prudent investment" theory of valuation and of a fixed rate base which would summon reality and force to the requirements of rate control (Dr.

Bauer, in his *Effective Regulation of Public Utilities* (1925) offered the first complete treatment of the "actual cost" basis for rate determination), the authors are still thoroughly cognizant of the difficulties in making the change from the present "fair value" doctrine. Thus in this discussion they not only show that the fixed rate base or prudent investment method of determining valuation for rate making purposes meets all the criteria of equitable regulation, but set forth what appear to be really workable and legally feasible means of effecting the transition.

Lending both color and authority to the book is the fact that the authors are not only among the few real students in this country of the problem of utility valuation, but have for many years had practical familiarity with the legal questions involved through their connection with utility surveys and rate cases in behalf of the public interest.

FREDERICK L. BIRD

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Third Annual Survey of the Government of the State of Tennessee. Part I. Nashville, Tennessee Taxpayers Association, 1934 204 pp. mimeo. $5.

About two years ago the Tennessee Taxpayers Association published its first survey of the state finances. This was immediately recognized as a large and very valuable piece of work destined to become the handbook of all those interested in Tennessee's fiscal affairs. The third survey, recently presented to the Governor, legislators, and other officials, carries on the tradition in improved style. A detailed report of financial operations through June 30, 1934, is given, with the two previous years for comparison, including cash statements, income, expenditure, and debt obligations. Comparative material on expenditures includes 1916, 1920, 1924, 1928 in addition to 1932 and 1934.

This volume is almost entirely statistical, but the statistics are so well arranged as to be self-explanatory and interesting. There is a brief narrative introduction but volume two of the survey goes fully into the analysis of the figures and the resulting suggestions from the Taxpayers Association.

Organization and Administration of a Municipal Police Department. By Richard W. Morris. Albany, New York State Conference of Mayors and Other Municipal Officials, Bureau of Training and Research, 1934. 47 pp. $1.00.

Mr. Morris, Chief of the Geneva, N. Y., Police Department, presents here the results of an extensive survey of the organization and practices of more than three hundred municipalities in all the forty-eight states. This report is based largely on the answers to 137 questions, secured by mail, and much direct investigation, as well as the author's personal experience. The welter of statistical data obtained is not carried in the volume (but is available from the New York Conference of Mayors in mimeographed form); this is, rather, an analysis of the results. It deals with the authority of police chiefs (largely lacking); the administration of the department, including division of work, training of patrolmen and promotion; the distribution of the personnel; equipment and communications, or the use of radio, teletype, identification bureaus, motorcycles and other vehicles; and crime prevention. The final chapter is devoted to fourteen recommendations—reasonable, specific, and of interest not only to police and other public officials but also to the citizens who so little appreciate the needs and workings of a modern, effective police department. The suggested police department library, given in the appendix, is also of special interest.

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The Cost of the Administration of County Government in New York City. By Julian Robert Wilheim. New York, The Citizens Budget Commission, 1934. 261 pp. multi.

With the passage of the Fearon bill by the New York State legislature making certain the submission of the county reorganization amendment to the electors next fall, this report on county government in New York City assumes new importance. As a handbook of facts it will prove a valuable ally to everyone interested in securing a thorough-going revision of county government in the New York metropolitan area.

Though the material is not by any means new, the arrangement is excellent, and comparative cost data are given for the five counties in the city for 1927, 1932, and 1934 both in detailed schedules and in short summaries. Revelations run from the "temporary" office which has continued for twenty-three years at an approximate cost of $100,000 annually, to the gross inequalities in salaries for the same and similar types of work, estimated by Samuel Seabury to represent needless expenditures of over $1,000,000 a year.

Especially helpful in emphasizing the need for constitutional revision is the compilation and consolidation of laws governing appointments and salaries of regular employees in the county offices and courts, to which some 117 pages are given. Summarized in a final chapter are the plans for modernization and reorganization of the county governments in New York City, from the Bruére-Wallstein plan of 1915 to the New York City Charter Commission of 1934. Texts of the Fearon, Wojtkowiak, and Dunnigan bills for constitutional amendment are also included.

W. S. S.

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Tax Policy to Aid Economic Recovery and Permanent Prosperity. New York, Tax Policy League, 1934. 7 pp. Ten cents.

Even hasty perusal of the news dispatches from various sections of the country suffices to indicate the genuinely hectic state of mind of many legislators, officials, and citizens on the all important tax problem. To help in solving that problem the Tax Policy League has, through a special committee, formulated a statement of principles, which, if adopted, should aid recovery and permanent prosperity. Nine basic principles are stated and each is briefly explained. They are clear, sane, and deserving of the attention of every taxpayer, and especially of those who levy taxes or formulate public opinion on the subject.

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A Budget Manual for Texas Cities. By Roscoe C. Martin. Austin, The University of Texas, 1934. 131 pp.

Initiating a series of studies on municipal affairs, the recently established Bureau of Municipal Research undertook the investigation of budgeting in Texas cities. The state law specifically provides for municipal budgeting, but the observance of the law has been considerably less than perfect. After a detailed survey of the practices and results in a carefully selected sample of the municipalities, the author is able to make particularly pertinent the suggestions for utilizing sound budget procedure. The principles of such procedure are explained in general and illustrations are given. There seems no longer to be any justifiable excuse for poor budget making in Texas cities, with this handbook serving as a guide to those which have scarcely known the meaning of the term as well as to those which have not taken full advantage of its uses.

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Assessing Land and Improvements. By Mabel L. Walker. New York, Tax Policy League, 1934. 14 pp. mimeo. Twenty-five cents.

Recognizing that the real estate tax situation is badly in need of correction, the author of this bulletin suggests that a remedy much more constructive than most recent legislation on the subject would be equitable assessment and efficient collection. Shortcomings in the present system of assessment are described and suggestions for improved procedure are given. There are also sections on the basis of assessment, separate assessment of land and improvements, and a table showing the proportion of land and improvement values in each state.

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Nature's Plans for Parks and Parkways in the Philadelphia Tri-State District. Philadelphia, Regional Planning Federation, 1932. 36 pp.

The eleven counties of three states centering about Philadelphia have admirable natural advantages for recreational development. The Regional Planning Federation prepared, as one of its series of studies of the area, a plan for a system of parks, public reservations, and connecting parkways which was considered suited to the needs of the population. Its preparation was completed in 1932 but the report was not released until the fall of 1934. The proposals, more than ever timely and sound, should be welcome and, perhaps before too long, realized.